



# **GENERAL MORTGAGE CONDITIONS**

**ENGLAND AND WALES**

**PEPPER HOMELOANS**

**DECEMBER 2014**

**Version 1.0**

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# **GENERAL MORTGAGE CONDITIONS**

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### **IMPORTANT NOTICE**

This booklet contains the conditions which will govern your Mortgage. We recommend that each person named in the Mortgage Offer reads this booklet carefully before the Mortgage is entered into because the obligations imposed by these Conditions will apply equally to each of you. Please keep this booklet somewhere safe as you will find it useful to refer to during the term of your Mortgage. If you have any questions about anything in this booklet, please ask your Solicitor or other legal adviser before you go ahead with your Mortgage.

### **A. MEANING OF CERTAIN WORDS AND EXPRESSIONS**

Throughout this booklet, 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 agreement as defined by the Consumer Credit Act 1974. 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.
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 people are the **Borrower** then each one of them is responsible for the whole of the **Total Debt**.
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 booklet.
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 **Total Debt**, including without limitation calculating and recovering any money in arrears under the **Mortgage**;
  - (c) bringing or defending legal proceedings relating to the **Total Debt**, the **Property** or any other security for the **Total Debt** (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 **Total Debt**;
  - (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** from **our** security.

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

12. **Guarantor** is any person who has agreed to guarantee your responsibilities (which are set out in the **Mortgage Deed**, these **Conditions** and your **Mortgage Offer**) should **you** fail to carry them out. 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**.
13. **Interest** means interest we charge on your **Mortgage** at the **Interest Rates** set out in the **Mortgage Offer**, which **Interest Rates** may vary from time to time in accordance with **Part F** of these **Conditions**.
14. **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**.
15. **LIBOR** stands for the London Interbank Offered Rate and means in relation to any **Rate Period**, the rate (as detailed in (a) and (b) below and rounded to four decimal places), at which deposits in Pounds Sterling are offered for a three month period in the London inter-bank market at 11.00 a.m. on the **Quarter Day** for that **Rate Period**. The rate is:
  - (a) the London Interbank Offered Rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Pounds Sterling for the relevant period displayed on the appropriate page of the Bloomberg Screen or such other page or service as may replace them; or
  - (b) if the rate in (a) is unavailable, then on the relevant **Quarter Day**, the mean of the rates notified by each **Reference Bank**.

If any such rate is below zero, **LIBOR** shall be deemed to be zero.

16. **Loan** is any sum of money which **we** lend to **you** under the **Mortgage Deed**. It includes further loans or advances made after the date of the original loan. It does not include any loan which is a regulated credit agreement as defined by the Financial Services and Markets Act 2000.
17. **Month** is a calendar month.
18. **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 88**.
19. **Mortgage** is the entire legal agreement under which **we** lend **you** money and includes the **Mortgage Deed**, these **Conditions**, and your **Mortgage Offer**. By signing the **Mortgage Deed** **you** promise **us** that **you** will comply with everything contained in your **Mortgage Deed**, **Mortgage Offer** and these **Conditions**.

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**. 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 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 is 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**).

20. **Mortgage Deed** is the legal document **you** sign to give **us** security over the **Property**, and to say **you** will comply with all of these **Conditions**. These **Conditions** have the same meaning in the **Mortgage Deed**.
21. **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.
22. **Mortgage Term** is the period of time during which **you** agree to repay the **Loan** to **us** and is shown on your **Mortgage Offer**. This may be varied by agreement with **us**. The **Total Debt** must be paid by **you** before or at the end of the **Mortgage Term**.
23. **Other Rights** mean:
  - (1) Any rights to which **you** may become entitled in respect of the **Property** for whatever reason. They may include:-
    - (a) 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;

- (b) any agreement, option or rights relating to the **Property** or its construction, state or condition;
  - (c) any share in or rights of membership in a management company, tenants' or residents' association relating to the **Property**;
  - (d) 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**;
  - (e) 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.
- (2) 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**.
24. **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 such **Month**. The **Welcome Letter** will confirm your initial **Payment Day** and your initial **Monthly Payment**.
25. **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.
26. **Power of Sale** is when **we** are entitled to sell the **Property**. This may happen whether or not **we** are in possession of the **Property**.
27. **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**).
28. **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.
29. **Rate Period** means 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**).
30. **Receiver** is a person **we** have the right to appoint at any time to manage the **Property** if **you** have not fulfilled one or more of your **Covenants** to **us**, or when **we** can exercise our **Power of Sale**. 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**.

31. **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 determine.
32. **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.
33. **Standard Variable Rate** means our standard variable rate of interest which can be changed by **us** at any time before and after the **Completion Date** under **Conditions 77 to 80**. If **we** enter into a **Transfer**, the **Standard Variable Rate** will be set by or on behalf of the **Transferee**. The **Transferee** can set the **Standard Variable Rate** independently of any rate set by **us** or any other **Transferee**.
34. **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.
35. **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**.
36. **Title** is the documentary evidence that gives **you** proof of ownership of the **Property**.
37. **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**.
38. **Total Debt** is the total amount **you** owe **us** under the **Mortgage**. It is explained in more detail in **Condition 55**.
39. **Transfer** includes a mortgage, agreement to sell, legal or equitable assignment, transfer, charge or other disposition of some or all of our rights under the **Mortgage** and/or any other related security. It is explained in more detail in **Condition 129**.
40. **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** by **us**. It is explained in more detail in **Condition 129**.
41. **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**.

42. **We** and **us** means Pepper (UK) Limited, trading as Pepper Homeloans, and anyone who takes over the **Mortgage** from **us**.
43. **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**.
44. **You** 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** apply equally and separately to each of **you**. That means each of **you** is responsible on your own for the whole of the **Total Debt**.

## B. MORTGAGE OFFER

45. We will send you a **Mortgage Offer**. The **Mortgage Offer** contains instructions on how to accept the **Mortgage we will offer you**. You must follow those instructions if **you** choose to accept the **Mortgage Offer**.
46. 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**.
47. You must not attempt to alter the **Mortgage Offer**.
48. There is no binding legal agreement 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 49**, **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**.

49. 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 **Solicitor** tells **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**.
50. **We** will not be responsible to **you** for any loss **you** suffer if **we** withdraw the **Mortgage Offer**.
51. **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.

52. **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**.
53. **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.
54. 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 AND GUARANTOR'S COVENANTS

55. **You** and the **Guarantor** (if any) **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 **Total Debt** has been fully repaid, and to repay the **Total Debt** 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) the **Loan** and any **Additional Borrowing** (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 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 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 **Total Debt** is unpaid.

- (d) To do whatever is required by the deeds and documents affecting the **Property** and to comply with all covenants affecting the **Property** and all regulations of the local or other authority including planning conditions which affect the **Property**.
- (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 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 the **Total Debt** 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 138**.) 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 its value in any way.
- (o) To ensure that all taxes, service charges, rates and rents are paid promptly in respect of the **Property**, 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 138**.)
- (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 of the **Total Debt**), 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** 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 55(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 **Total Debt**; 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 the **Total Debt** in accordance with **Condition 71** 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.
56. 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.
57. 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 costs and expenses **we** reasonably incur in this respect. (See **Condition 138**.)
58. 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 the **Total Debt**. 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**

This section sets out the legal powers **you** will give **us** when **you** sign your **Mortgage Deed** and highlights the potential consequences if **you** fail to observe the **Conditions** of your **Mortgage**.

59. 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.
60. The **Total Debt** will become immediately due and payable, and **we** will be able to exercise the **Power of Sale** or appoint a **Receiver** if any one of the following happens (and for this purpose the restrictions in Section 103 of the Law of Property Act 1925 shall not apply to your **Mortgage**) (Section 103 of the Law of Property Act 1925 says that **we** cannot use our power to sell your **Property** until certain conditions have been met. If **we** did not disapply those conditions, our right to sell would be delayed):-
- (a) if **you** do not pay, when due, and still owe **us** an amount equivalent to two or more **Monthly Payments** at the time of our 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 **Condition** 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 55(i)** regarding a lease or let of the **Property** or any violation of **Condition 55(q)** regarding creating rights or granting any interest in the **Property** that affect **our** ability to enforce the **Mortgage** satisfactorily or otherwise adversely affect 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 60(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 **Total Debt** is repaid when due;
- (i) if the **Mortgage Deed** is or is no longer valid or legally binding on **you**;
- (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 (and equal in amount to at least two of your **Monthly Payments** 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**; or
- (l) if **you** give the **Property** to **us** or if **you** abandon it.

61. Under the Law of Property Act 1925 **we** have to tell **you** when the **Total Debt** becomes due and payable. For this purpose the **Total Debt** will become due on the date of the **Mortgage Deed**. However, this does not mean that **we** will immediately require you to repay the **Total Debt**. **We** will only do this if any of the circumstances described in **Condition 60** apply.
62. At any time or times after our **Power of Sale** has become exercisable **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 138**.) 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**; and / or
  - (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**.
- 63.** As the owner of the **Property**, **you** may belong to 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.
- 64.** When the **Property** is sold, either by **you** or by **us**, it may not realise enough money to repay your **Total Debt**. 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 of the **Total Debt** in full. Your **Guarantor** (if **you** have one) may also be asked to repay the outstanding amount. (See also **Part M** of these **Conditions**.)
- 65.** 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 the **Total Debt**;
  - (c) third, if any money remains after the **Total Debt** has been paid **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.)
- 66.** 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**.
- 67.** 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**.

68. 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 138**.)

## E. INTEREST

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

- (a) on any **Loan** **we** make to **you** from the **Completion Date**; and
- (b) on any costs and expenses or fees which become due from **you** during the **Interest Period**, in accordance with these **Conditions**,

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**.

70. **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.
71. **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** and charges **you** owe. **We** will apply any remaining balance to reduce the **Loan**, and therefore the **Total Debt**.
72. **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.
73. 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.
74. **We** may change the method of calculating the **Interest** (including whether it is charged in arrears 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 **Loan** 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

75. 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.
76. Where **we** have agreed in the **Mortgage Offer** a rate of interest which is linked to, or tracks, an independently set rate such as (but not limited to) **LIBOR** or the **Bank of England Base Rate**, the interest rate will automatically vary in line with changes in the independently set rate. The exact terms of any change will be set out in the **Mortgage Offer**. **We** will give you notice of any change in the independently set rate and resulting change in the **Interest Rate** within a reasonable time after that change.

77. Unless **Condition 75** or **Condition 76** applies, the **Interest Rate** will be our **Standard Variable Rate** and can be changed by **us** from time to time. The ways in which **we** can change the **Interest Rate** are set out in the following **Conditions 78** to **80**, and some of the effects a change in the **Interest Rate** may have on your next **Monthly Payment** following the change are outlined in **Condition 81** and **Condition 82**.
78. The **Interest Rate** can be changed by **us** for any of the reasons set out in **Condition 79** by giving **you** notice. **We** will write to **you** to tell **you** about a change, and to notify **you** of your revised **Monthly Payment**, at least 10 **Business Days** before any change takes effect.
79. **We** can change the **Interest Rate** for any of the following reasons:-
- (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**.
80. Any change that **we** make to the **Interest Rate** under **Condition 78** will be proportionate to the circumstances giving rise to the change.
81. If the **Interest Rate** increases, **we** will notify **you** and change **you Monthly Payment** pursuant to **Condition 78**. If the **Interest Rate** increase is effective before the change in the **Monthly Payment**, the next **Monthly Payment** **you** 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**.
82. If the **Interest Rate** decreases, 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 71**.

## **G. THE MONTHLY PAYMENT**

83. **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**.
84. The initial **Monthly Payment** and initial **Payment Day** are stated in the **Welcome Letter**.
85. **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 71**.

86. 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**.
87. Your **Monthly Payment** will be calculated assuming each month is an equal one-twelfth of the year.
88. 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**.

89. The **Monthly Payment** (and any excess amount paid) will be applied to the **Total Debt** in accordance with **Condition 71**.

## **H. ENDING YOUR MORTGAGE EARLY**

90. 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**.
91. **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**.
92. 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 60**.

93. If **you** ask us, **we** will tell **you** how much **you** will need to pay on the date of an early repayment.

## I. MISTAKES

94. If **we** miscalculate the amount payable by **you** to **us** or make any other mistake about the **Total Debt** this will not affect any of our rights, including our ability to claim the correct amount from **you** (either before or, subject to **Condition 95**, 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.
95. If **we** release your **Mortgage** in error (because, for example, **we** miscalculate the amount of the **Total Debt**) **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.
96. Your receipt of a letter from **us** saying the **Total Debt** has been repaid in full will not prevent **you** from being personally liable if it is later found out that the amount of the **Total Debt** was understated by mistake. However, **we** will act reasonably in exercising our rights.
97. Your continued liability under **Conditions 94** to **96** does not affect any legal rights which **you** have as a result of the **Total Debt** being understated.

## J. INSURANCE COVER

98. The **Property** must be fully and adequately insured to cover the re-instatement value of the **Property** at all times.
99. **You** are responsible for ensuring that there is adequate insurance cover on your **Property** at all times.
100. **You** are responsible for paying the premiums and other insurance charges when due.
101. 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.
102. 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 98**;

- (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.

**103.** 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**.

**104.** If:

- (a) **you** do not make and maintain the insurance arrangements required by **Conditions 98 to 103** (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 60** 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.

- 105.** **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.
- 106.** **You** are responsible for telling your insurers about any changes in circumstances which may affect your insurance cover.
- 107.** **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**.
- 108.** 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.
- 109.** 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 110**.
- 110.** 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.

- 111. 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.
- 112. 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.
- 113. For the purpose of **Conditions 98 to 112**, 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**

- 114. 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**.
- 115. **You** will at the end of the **Mortgage Term** have to repay from your own resources the **Total Debt** owed to **us**.
- 116. 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**.
- 117. **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**.
- 118. If an adequate repayment strategy is not in place **you** should notify **us** as soon as possible and seek independent financial advice.
- 119. **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.
- 120. 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**

- 121. **You** must ensure **you** pay all service charges and ground rent promptly to your landlord. If there is a dispute **you** must inform **us** immediately. **We** may pay your landlord any monies due 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**

- 122. The **Mortgage Offer** may require **you** to provide a **Guarantor** for your **Mortgage**. By executing a guarantee in favour of **us** the **Guarantor Covenants** to pay your **Total Debt** if **you** fail to do so. These **Mortgage**

**Conditions** apply equally to the **Guarantor** as they do to **you**. The **Guarantor** will be given a copy of these **Conditions**.

123. The **Guarantor Covenants** with **us** to be equally as responsible as **you** for all the **Covenants** and obligations and **Conditions** in connection with this **Mortgage**. Any arrangements that **we** make with **you** will not affect the obligations of the **Guarantor** to pay the **Total Debt** if **you** fail to do so.
124. The **Guarantor** does not have any rights or interests in any monies held by **us** or acquired by **us**, whether from **you** or any other source towards the reduction of the **Total Debt**.
125. The **Guarantor** agrees:-
  - (a) not to share in any security **we** have or take any security from **you** or any other person in connection with the guarantee;
  - (b) not to enforce any right or pursue any claim against the **Borrower** or any other persons in respect of the **Mortgage**;
  - (c) not to make any claim which would compete with ours unless and until the **Total Debt** has been repaid in full.
126. The **Guarantor** will not be responsible for any **Additional Borrowing** or **Interest** relating to that **Additional Borrowing** unless the **Guarantor** has consented to that **Additional Borrowing** in writing.
127. Unless the **Guarantor** agrees otherwise, the **Guarantor's** responsibility under any guarantee given is limited to the amount of the initial **Loan** together with all **Interest**, costs, charges and expenses forming part of the **Total Debt**.
128. If there is more than one **Guarantor** each **Guarantor** is separately responsible for the whole of the obligations and liabilities of the **Guarantor** under the **Conditions**.

## **N. TRANSFER OF THE MORTGAGE**

129. **We** may at any time and from time to time sell transfer, assign, charge or otherwise dispose of, in whole or in part, some or all of our rights under any **Loan**, **Mortgage** or other related security (a “**Transfer**”) to any person or organisation (a “**Transferee**”). **You** will have the same rights and obligations under the Mortgage immediately before and after the **Transfer**.
130. **You** agree that any **Transfer** under **Condition 129** may be at law or in equity and may be by way of absolute assignment or by way of security only.
131. **You** agree to each **Transfer** under **Condition 129** that **we** may make, and **you** understand and agree that **we** may do so without giving notice to **you** and without your consent.
132. **You** understand that a **Transfer** under **Condition 129** typically involves **us** transferring all or some of **our** rights under the **Loan**, **Mortgage** or the related security to another person or entity as **Transferee**.
133. 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 the **Mortgage** will be able as **Transferee** to exercise all the 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**

**134.** So far as **you** can (but only until the time when the **Total Debt** is repaid) **you**:-

- (a) assign to **us** all **Other Rights** that **you** have or may be entitled to have. This will include copyright in any designs or plans made in respect of the **Property**;
- (b) agree that **you** will hold all **Other Rights** on our behalf;
- (c) 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.

**135.** Any money received in respect of **Other Rights** must be used to reduce the **Total Debt** 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**

**136.** If you have more than one **Property** mortgaged to us this **Condition 136** 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.

137. **Condition 136** does not apply to money which is owing to **us** under a loan which is a regulated agreement as defined by the Consumer Credit Act 1974, unless the appropriate requirements of the Consumer Credit Act 1974 have been complied with.

## **Q. COSTS, EXPENSES AND FEES**

138. 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, as long as they are reasonable; 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.

139. **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 139** 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.

140. **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**

141. The terms of **Condition 141 to Condition 147** which relate to a permitted letting of the **Property** only apply if your **Mortgage Offer** states that **you** have a **Buy to Let Mortgage**.
142. **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**.
143. 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;
  - (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;
  - (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 the proposed tenant(s) and must be made available when **we** ask for them;
  - (h) any tenancy agreement must (a) be in a form normally used for residential agreements; and (b) 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.
144. The following are unacceptable as tenants for the **Property**:
- (a) [**you** or] your family members (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.
145. Other than as permitted in **Condition 141 to Condition 147** **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.
146. **You** must do whatever is legally necessary to ensure that your tenants carry out their obligations under the tenancy agreement.
147. 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**

148. By entering into the **Mortgage**, **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 **Property** and any related security held by **us** or the conduct of your **Mortgage** to:
- (a) any actual or proposed **Transferee** under **Condition 133**;
  - (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.
149. 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**

150. 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.

151. You must remember that if any help is given to **you** this does not release **you** from any of the **Conditions** of your **Mortgage**. 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**. If **you** have a **Guarantor** any special arrangement made by **us** will not alter the **Guarantor's** legal responsibility to repay your **Total Debt** should **you** fail to do so.
152. 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**

153. 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 first class post.
154. If **we** send a notice in the post **you** are deemed to have received it 48 hours after **we** have posted it.
155. 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.
156. 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**

157. Although **we** are not obliged to make any additional loans to **you** the **Mortgage** has the effect of securing any **Additional Borrowing**.

## **W. LEGISLATION**

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

## **X. APPLICABLE LAW AND JURISDICTION**

159. 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**

160. **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).

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