

# General Mortgage Conditions

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2016 (Scotland)

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This booklet sets out the **General Mortgage Conditions** that apply to **your Loan**. They are the conditions on which **we** are prepared to lend any money to **you** so it is very important that **you** read them carefully and make sure that **you** fully understand them. If **you** do not understand anything in this booklet, or any of the other documents **we** provide for **your Loan**, **you** must ask **us**, **your** mortgage/credit intermediary or **your** legal adviser to explain them to **you**.

In these **General Mortgage Conditions** **we** often use words or phrases that have special meanings. If a word or phrase is in **bold**, this means it has the meaning shown in Part 1.

The **General Mortgage Conditions** apply to **your Loan** whether it is secured by a first, second or other standard security on the **Property**. **We** can vary the **General Mortgage Conditions** by using **Offer Conditions** in which case the **Offer Conditions** will take priority over the **General Mortgage Conditions**.

# Part 1: Understanding These Conditions

<b>1 Definitions</b>	
1.1 Certain words and phrases ( <b>in bold</b> ) in these <b>General Mortgage Conditions</b> have the following meanings:	
<b>Account</b>	The account <b>we</b> keep to record what <b>you</b> owe <b>us</b> under the <b>Agreement</b> , and the payments <b>you</b> owe <b>us</b> and make to <b>us</b> under the <b>Agreement</b> and any other money <b>we</b> receive to reduce the outstanding balance of the <b>Amount Owed</b> .
<b>Additional Borrowing</b>	An extra amount <b>we</b> lend <b>you</b> and which is secured by the <b>Mortgage</b> .
<b>Additional Borrowing Offer</b>	An offer from <b>us</b> to lend <b>you</b> an extra amount to be secured by the <b>Mortgage</b> .
<b>Advance</b>	Any amount <b>we</b> have agreed to lend <b>you</b> under the <b>Agreement</b> .
<b>Agreement</b>	The agreement between <b>you</b> and <b>us</b> for the <b>Loan</b> . The <b>Agreement</b> is made up of all the terms set out in the documents listed in condition 1.2.
<b>All Other Debt</b>	Any money other than the <b>Amount Owed</b> which <b>you</b> owe <b>us</b> under any existing agreement made with <b>us</b> which is secured over any other land or building (other than the <b>Property</b> ) (for example, another standard security <b>you</b> have with <b>us</b> ) or any future agreement made with <b>us</b> after <b>Completion</b> except for money <b>you</b> owe <b>us</b> under any existing or future agreement regulated by the Consumer Credit Act 1974 which does not provide that such agreement is secured by the <b>Mortgage</b> .
<b>Amount Owed</b>	The total amount that <b>you</b> owe <b>us</b> from time to time under the <b>Agreement</b> including the <b>Advance</b> and any <b>Additional Borrowing</b> <b>you</b> have not repaid and unpaid <b>Interest, Fees</b> and <b>Expenses</b> .
<b>Bank of England Base Rate</b>	The Bank of England's base rate of interest (or any other interest rate set by a UK-based financial institution which <b>we</b> reasonably specify as comparable in the event that the <b>Bank of England Base Rate</b> should cease to exist or be published) which may vary from time to time. But if the <b>Bank of England Base Rate</b> is 0% or less, then, for the purposes of calculating your <b>Rate of Interest</b> , <b>we</b> will treat the <b>Bank of England Base Rate</b> as 0% and apply the <b>Margin</b> to that.
<b>Business Day</b>	Any day other than Saturdays, Sundays or bank holidays in England and Wales.
<b>Buy-to-Let Loan</b>	A <b>Loan</b> where the <b>Mortgage Offer</b> prohibits <b>you</b> from living in the <b>Property</b> and requires <b>you</b> to let the <b>Property</b> .
<b>Capital</b>	The money <b>we</b> have lent <b>you</b> (such as the <b>Advance</b> and any <b>Additional Borrowing</b> ) under the <b>Agreement</b> and that <b>you</b> have not yet repaid.
<b>Capital Repayment</b>	A repayment of <b>Capital</b> <b>you</b> owe to <b>us</b> .
<b>Certificate of Title</b>	The certificate of title document, which <b>our</b> solicitor will send to <b>us</b> before <b>Completion</b> to confirm : <ol style="list-style-type: none"> <li>1. who owns the <b>Property</b> and details of the transaction;</li> <li>2. that all the checks in relation to the condition, value or title of the <b>Property</b> <b>we</b> have asked <b>our</b> solicitor to carry out have been completed and the results are satisfactory;</li> <li>3. that there are no occupancy rights under the Matrimonial Homes (Family Protection) (Scotland) Act 1981 as amended, or under the Civil Partnership Act 2004 as amended which will have priority over our <b>Mortgage</b>, and</li> <li>4. that <b>you</b> wish to accept the <b>Mortgage Offer</b>.</li> </ol>
<b>Completion</b>	The date on which the first <b>Advance</b> is sent to <b>you</b> , <b>your</b> creditors, or <b>our</b> legal adviser under condition 3.6.
<b>Customer Service Number</b>	Any phone number <b>we</b> give <b>you</b> .
<b>Disposal</b>	Any sale, transfer, assignation, novation, grant of security, declaration of trust or other disposition or disposal.
<b>Early Repayment Charge</b>	A charge <b>we</b> may make when all or part of the <b>Capital</b> is repaid before the end of the <b>Mortgage Term</b> . The charge is set out in the <b>Mortgage Offer</b> .
<b>Electronic Funds Transfer</b>	Transferring money electronically.
<b>Expenses</b>	Those expenses listed in condition 21.
<b>Fees</b>	Those fees listed in the <b>Tariff of Mortgage Charges</b> . <b>We</b> may change the <b>Fees</b> from time to time under condition 4.
<b>Fixed Rate</b>	The interest rate <b>you</b> pay during the <b>Fixed-Rate Period</b> for a <b>Fixed-Rate Loan</b> .
<b>Fixed-Rate Loan</b>	A <b>Loan</b> shown in the <b>Mortgage Offer</b> as a <b>Fixed-Rate Loan</b> .
<b>Fixed-Rate Period</b>	The period of time for which the <b>Interest</b> on a <b>Fixed-Rate Loan</b> is fixed at a set rate.
<b>General Mortgage Conditions</b>	The conditions set out in this booklet. A reference to a numbered condition is to that condition in this booklet.

<b>Interest</b>	The <b>Interest we</b> charge on the <b>Amount Owed</b> or any part or parts of the <b>Amount Owed</b> .
<b>Interest-Only Loan</b>	A <b>Loan</b> shown in the <b>Mortgage Offer</b> as an <b>Interest-Only Loan</b> . The <b>Monthly Payments</b> are interest-only and do not include repaying any of the <b>Capital</b> .
<b>LIBOR</b>	<p>The ICE Benchmark Administration Limited's London Inter-bank Offered Rate (previously known as the BBA LIBOR rate) being the rate (as determined below) at which sterling deposits are offered for a three month period by prime banks in the London inter-bank market quoted at or about 11am (London time) on the <b>LIBOR Setting Date</b>. The rate is:</p> <p>(i) the rate quoted on the appropriate page of the Telerate Monitor Screen or any such screen or service that may replace it; or</p> <p>(ii) if no such service is available <b>LIBOR</b> will be another rate of interest which <b>we</b> reasonably decide represents a comparable rate of interest for three month sterling deposits at or about 11am (London time) on the <b>LIBOR Setting Date</b>,</p> <p>in each case:</p> <p>(a) rounded up to two decimal places (so for example, if the rate is 7.05321%, <b>LIBOR</b> will be 7.06%), and</p> <p>(b) for the purpose of calculating your <b>Rate of Interest</b> under these <b>Conditions</b>, not less than 0%.</p>
<b>LIBOR Setting Date</b>	12th March, 12th June, 12th September and 12th December each year (or if such day is not a <b>Business Day</b> , the previous <b>Business Day</b> ).
<b>Loan</b>	The initial <b>Advance we</b> make to <b>you</b> , and any <b>Additional Borrowing we</b> lend <b>you</b> now or in the future.
<b>Margin</b>	A <b>margin</b> above or below the <b>Standard Variable Rate of Interest</b> , <b>LIBOR</b> or the <b>Bank of England Base Rate</b> (as applicable) as set out in the <b>Mortgage Offer</b> .
<b>Month</b>	A calendar month.
<b>Monthly Payment</b>	The payment <b>you</b> must make to <b>us</b> every <b>Month</b> . The amount of the initial payment is set out in the <b>Mortgage Offer</b> and is the amount which <b>you</b> must pay under condition 14.7. <b>We</b> may change the <b>Monthly Payment</b> , including the initial payment, in accordance with condition 17.
<b>Mortgage</b>	<b>Our</b> security over the <b>Property</b> , as described in the <b>Mortgage Deed</b> .
<b>Mortgage Application</b>	The application <b>you</b> make and any information <b>you</b> (or someone acting for <b>you</b> ) give <b>us</b> so that <b>we</b> can complete <b>your Loan</b> or lend <b>you</b> additional money.
<b>Mortgage Deed</b>	The legal document (called the " <b>Standard Security</b> ") <b>you</b> sign to give <b>us</b> the <b>Mortgage</b> over the <b>Property</b> as security for the <b>Amount Owed</b> and <b>All Other Debt</b> .
<b>Mortgage Illustration</b>	An illustration provided to <b>you</b> before <b>you</b> submit a <b>Mortgage Application</b> to <b>us</b> detailing the features of the proposed <b>Loan</b> , <b>Fees</b> payable and the <b>Monthly Payment</b> .
<b>Mortgage Offer</b>	<b>Our</b> written offer to give <b>you</b> a <b>Loan</b> or <b>Additional Borrowing</b> to be secured by the <b>Mortgage</b> . The <b>Mortgage Offer</b> includes any <b>Additional Borrowing Offer</b> .
<b>Mortgage Term</b>	The period of time shown in the <b>Mortgage Offer</b> which <b>we</b> give <b>you</b> to pay off the <b>Loan</b> .
<b>Offer Conditions</b>	The offer conditions set out in the <b>Mortgage Offer</b> .
<b>Payment Date</b>	The day on which <b>you</b> must make the <b>Monthly Payment</b> to <b>us</b> . The first <b>Payment Date</b> will be the first <b>Business Day</b> of the <b>Month</b> following the <b>Month</b> in which <b>Completion</b> occurs unless <b>Completion</b> occurs less than 10 <b>Business Days</b> before the end of a <b>Month</b> in which case the first <b>Payment Date</b> will be the first <b>Business Day</b> after the expiry of 10 <b>Business Days</b> from <b>Completion</b> . All subsequent <b>Payment Dates</b> will currently be the first <b>Business Day</b> of the <b>Month</b> . <b>We</b> may change the <b>Payment Date</b> in accordance with condition 14.8.
<b>Property</b>	The <b>Property</b> described in the <b>Mortgage Deed</b> over which <b>we</b> will take a <b>Mortgage</b> as security for the <b>Amount Owed</b> and <b>All Other Debt</b> .
<b>Property Inspection Report</b>	A report issued by a valuer after carrying out a physical inspection of the <b>Property</b> , which tells <b>us</b> what condition the <b>Property</b> is in and how much it is worth (its value).
<b>Rate of Interest</b>	The rate or rates of interest that will apply to the <b>Loan</b> . The initial rate or rates of interest are stated in the <b>Mortgage Offer</b> although these rates may change before <b>Completion</b> under condition 3.3. The rate or rates of interest may change after <b>Completion</b> in accordance with condition 19.
<b>Reversionary Rate of Interest</b>	The <b>Rate of Interest</b> that <b>you</b> will pay after the expiry of any initial <b>Rate of Interest</b> stated in the <b>Mortgage Offer</b> . This may be a rate linked to the <b>Bank of England Base Rate</b> , <b>LIBOR</b> or the <b>Standard Variable Rate of Interest</b> and is subject to change under condition 19.
<b>Savings Plan</b>	An investment policy or savings plan you have chosen to pay off the <b>Capital</b> on an <b>Interest-Only Loan</b> by the end of the <b>Mortgage Term</b> .
<b>Standard Conditions</b>	The Standard Conditions set out in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970. A copy of the <b>Standard Conditions</b> is contained in the schedule to this booklet.

<b>Standard Variable Rate of Interest</b>	The standard variable rate of interest that <b>we</b> charge which can be changed by <b>us</b> at any time whether on, before or after <b>Completion</b> for any of the reasons in condition 19.1.1.
<b>Tariff of Mortgage Charges or Tariff of Charges</b>	The tariff of fees <b>we</b> charge in connection with <b>your Loan</b> as sent to <b>you</b> from time to time. The tariff can be changed by <b>us</b> from time to time under condition 4.
<b>Title Insurer</b>	An insurance company <b>we</b> instruct to provide insurance cover for <b>our</b> benefit in connection with the legal title to the <b>Property</b> .
<b>we, us, our, the Lender</b>	Charter Court Financial Services Limited (incorporated in England and Wales with company number 6749498 and having its registered address as 2 Charter Court, Broadlands, Wolverhampton, WV10 6TD) and its successors, assignees and transferees and any other person who is for the time being entitled at law to the benefit of the <b>Loan</b> or <b>Mortgage</b> .
<b>you, your, yourself</b>	The person (or people) named in the <b>Mortgage Deed</b> as the borrower. If there is more than one borrower, ' <b>you</b> ', ' <b>your</b> ' and ' <b>yourself</b> ' refer to each borrower jointly and individually. They will also refer to anyone who takes over <b>your</b> legal rights or duties (for example, a personal representative the <b>Property</b> passes to if <b>you</b> die).

## Part 2: Your Agreement with Us

**1.2** The **Agreement** between **you** and **us** is made up of:

- a) the declaration **you** have provided in the **Mortgage Application**;
- b) these **General Mortgage Conditions**; and
- c) the **Standard Conditions**; and
- d) the **Mortgage Offer**; and
- e) any **Offer Conditions**; and
- f) the **Mortgage Deed**; and
- g) the **Tariff of Mortgage Charges**,

and includes any amendment to any of the above made under the provision of these **General Mortgage Conditions** (together all these terms are referred to as the '**Agreement**'). **We** may, from time to time, agree with **you** in writing changes to the terms and conditions of this **Agreement** or make changes to the terms and conditions of this **Agreement** for any of the following reasons:

- a) to respond to changes in **your** circumstances;
- b) to take account of changes in the costs of running **our** business;
- c) to provide additional services or to take into account changes in how **we** operate this **Agreement**;
- d) to reflect changes in industry practices;
- e) to meet **our** legal and / or regulatory obligations;
- f) to correct errors, omissions, inaccuracies or ambiguities; or
- g) to reflect changes in our systems, processes or as a result of the introduction of new technology.

provided that **we** reasonably believe that the change will not be materially disadvantageous to **you** over the **MortgageTerm**. **We** will tell **you** about such changes by writing to **you** and giving **you** no less than 30 days notice before the change takes effect.

**1.3** If there are any differences between these **General Mortgage Conditions** or the **Standard Conditions** and the **Mortgage Offer** or the **Offer Conditions**, the **Mortgage Offer** and the **Offer Conditions** will always take priority. If there are any differences between these **General Mortgage Conditions** and the **Standard Conditions**, these **General Mortgage Conditions** will take priority.

Because these **General Mortgage Conditions** form part of the **Agreement** between **you** and **us**, **we** recommend that **you** keep this booklet in a safe place in case **you** want to refer to it later on.

This condition contains a summary of some of the **General Mortgage Conditions**. It is a summary only and does not replace anything in the **Agreement**. **You** must still read the whole of this booklet.

#### 1.4 What **you** must do:

- a) **You** must repay to **us** the **Amount Owed** under the **Agreement** by the end of the **Mortgage Term** and in line with the **Agreement**.
- b) **You** must make the **Monthly Payments** on the **Payment Date** and by direct debit.
- c) **You** must pay any fees stated in **your Mortgage Illustration** before **we** make the **Loan**. **Your Mortgage Illustration** will state whether or not any such fees are refundable if **you** decide not to go ahead with the **Loan**.
- d) If any part of the payment method in the **Mortgage Offer** is interest-only and **you** have chosen not to make repayments of the **Capital** of the **Loan** (or any part that is interest-only), **you** will still need to make separate arrangements to repay the **Capital**. An **Interest-Only Loan** does not include any payments **you** may need to make to a **Savings Plan** to build up a lump sum to repay the amount **you** borrowed. Instead, it assumes **you** will pay off the amount borrowed as a lump sum at the end of the **Mortgage Term**. It is important that **you** make sure there is a suitable arrangement, such as a **Savings Plan**, in place as it is **your** responsibility to repay the **Loan** at the end of the **Mortgage Term**.
- e) **You** must take out and maintain during the **Mortgage Term** adequate buildings insurance to cover loss and damage to the **Property**. This means that, among other things, **you** must pay the **Property** buildings insurance premiums on time.
- f) **You** must keep the **Property** in good repair at all times.
- g) **You** must not give any person rights or create another mortgage or security over the **Property**, or let (unless **your Loan** is a **Buy-to-Let Loan**) or part with possession of the **Property** or any part of it.
- h) **You** must get **our** permission before altering or extending the **Property**. **You** must use the **Property** only as **your** home, unless **your Loan** is a **Buy-to-Let Loan**.
- i) **You** must keep to any restrictions, burdens or title conditions mentioned in the **Property's** title deeds, and any planning laws and building regulations that apply to the **Property**.
- j) **You** must repay all of the **Amount Owed**:
  - ▶ at the end of the **Mortgage Term**;
  - ▶ earlier if **you** sell the **Property** or choose to remortgage it; or
  - ▶ if **you** fail to keep to the **Agreement**.
- k) **You** must keep **us** informed of **your** address for correspondence.

#### 1.5 What **we** may do:

- a) If **you** fail to make any **Monthly Payments** or **you** do not keep to any of **your** responsibilities under the **Agreement**, **we** may ask a court for a decree so that **we** can take possession of and sell the **Property**. If **we** have to sell the **Property**, **we** will sell it for the best price **we** can reasonably get at that time.
- b) If **we** sell the **Property** for less than the **Amount Owed**, **we** can recover from **you** any balance of the **Amount Owed** that remains outstanding and any **Expenses** **we** reasonably incur. **We** can charge **Interest** on that balance and those **Expenses** under this **Agreement** at the **Rate of Interest** and recover that **Interest** and **Expenses** from **you** even if **we** have obtained a court decree requiring **you** to pay the whole or part of the **Amount Owed**.
- c) As **we** mentioned above, it is **your** responsibility to insure the **Property** at **your** own expense. **We** may ask **you** at any time to provide details of the buildings insurance cover and evidence that the buildings insurance is in place.



## 2 Joint Mortgages

If two or more of **you** are named in the **Mortgage Deed** as borrowers, the **Mortgage** will be a joint **Mortgage** and the following terms will apply:

- a) **You** are individually responsible for following the terms of the **Agreement**, including, for example, making sure that the **Monthly Payments** are made. **You** are individually responsible for ensuring that the entire **Amount Owed** is repaid. If **you** break the terms of the **Agreement**, **we** can take action against either or both of **you**. Any arrangements **we** make with one or some of **you** will not affect **our** rights against the other(s) or any responsibilities of the other(s) under the **Agreement**.
- b) **You** must read the **Agreement** carefully as it applies equally to both of **you**.
- c) **We** may give any information about the **Loan** and any transactions (including any changes **you** ask for, such as **Additional Borrowing**) to either of **you**.
- d) Either of **you** may instruct **us** to repay a joint mortgage account (see also g below).
- e) If either of **you** dies, **we** can treat the survivor as fully liable to meet the responsibilities **you** have under the **Agreement**. **We** will amend the joint **Account** to an **Account** under the **Agreement** in the survivor's name.
- f) If **you** both share the same address, **we** may write to **you** both together. This may be via a single notice, correspondence, or statement addressed to **you** both or separate correspondence, notices or statements addressed to **you** separately but sent together at the same time. If **you** are joint borrowers and have different addresses, **we** will send a separate notice to both addresses as long as **you** have provided this information.
- g) If **your Loan** is portable, and only one of **you** exercises the option to transfer the **Loan** to a new **Property**, **we** will require written consent to the transfer from both of **you**. Details as to whether **your Loan** is portable can be found in the **Mortgage Offer**.

## 3 About your Mortgage Offer

**3.1** There is no binding legal agreement between **you** and **us** until **we** make the **Advance**. This means that until **we** make an **Advance**, the following apply:

- a) **You** do not have to go ahead with the **Loan**.
- b) Any **Mortgage Offer** will cease to have effect if **we** send **you** a new **Mortgage Offer**, at **your** request or with **your** agreement, before making the **Advance** the subject of the previous **Mortgage Offer**.
- c) **We** may withdraw **our Mortgage Offer** and decline to make the **Advance** in one or more of the following circumstances (**we** can do this immediately and without telling **you**, but **we** will notify **you** about the withdrawal of **our Mortgage Offer** if **we** reasonably can):
  - (i) There has been a material change in **your** circumstances since the date of the **Mortgage Offer** which is likely to have a material impact on **your** ability to afford the **Loan** and had **we** been aware of the change **we** would not have provided the **Mortgage Offer** to **you** or would have provided it to **you** for a lower amount. Examples of the situations when **we** may withdraw a **Mortgage Offer** for these reasons include:
    - A) **your** income falls or **your** outgoings increase. For example, **you** lose **your** job, there is a reduction in **your** working hours or **you** apply for further borrowing from **us** or another lender;
    - B) **you** are subject to personal insolvency proceedings such as **you** have a petition presented for your bankruptcy or sequestration;
    - C) **you** separate from your partner or commence divorce proceedings, or
    - D) there is a significant detrimental change in the state of **your** health which has an impact on your ability to afford the **Loan**.
  - (ii) **We** discover that **you** or someone acting on **your** behalf has intentionally:
    - A) provided **us** with untrue, inaccurate or incomplete information as part of **your** application for the **Loan** and **we** have used this information in deciding whether to provide the **Mortgage Offer** to **you**, or
    - B) withheld information which **we** have requested from **you** as part of **your** application for the **Loan** and had **we** been aware of the relevant information, **we** would not have provided the **Mortgage Offer** to **you**.
  - (iii) If **we** reasonably suspect **you** are involved in any criminal or fraudulent activity or **you** are convicted of a serious criminal offence and, had **we** been aware of the criminal or fraudulent activity or offence, **we** would not have provided the **Mortgage Offer** to **you** or would have provided the **Mortgage Offer** to **you** for a lower amount.
  - (iv) **Our** legal adviser tells **us** that it cannot provide **us** with a clear **Certificate of Title**, any spouse or civil partner has not agreed to consent to the **Mortgage** for the purposes of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 as amended, or the Civil Partnership Act 2004 as amended or the legal adviser cannot comply with **our** instructions in relation to the **Mortgage Offer**.



- (v) There is a change to the condition, value or title to the **Property** or **we** revalue the **Property** after the date of the **Mortgage Offer** and such change or revaluation has a material impact on the suitability of the **Property** as security for the **Loan**.
- (iv) **We** are no longer permitted to lend the money to **you** due to **our** regulator removing or restricting **our** permission to lend.

**3.2** If **we** withdraw the **Mortgage Offer**, **we** will tell **you** as soon as reasonably possible after doing so.

**3.3** **We** may change the **Monthly Payment** and **Rate of Interest** set out in the **Mortgage Offer** before **Completion** in circumstances where **we** would be able to make these changes after **Completion**. If **we** make such changes, **we** will notify **you** of this in accordance with conditions 17 or 19 as appropriate.

**3.4** **You** must notify **us** immediately if **your** circumstances change before **we** release the **Advance** or there is any material change in the information **you** have supplied to **us** in the **Mortgage Application**.

**3.5** If **you** are happy with the terms of the **Mortgage Offer** and wish to proceed to **Completion** **you** should inform **your** legal adviser. **Our** legal adviser will confirm to **us** in the **Certificate of Title** that **you** wish to accept the **Mortgage Offer**.

**3.6** **We** will not release the **Advance** until **we** are ready and any legal adviser **we** have instructed has provided to **us** a clear **Certificate of Title**. **We** will release the **Advance** to any legal adviser **we** have acting for **us** but only if **your** legal adviser has requested the **Advance** is released. **Interest** will be payable on the **Advance** from **Completion** even if it is released to **our** legal adviser at **your** legal adviser's request before **you** need to use it.

**3.7** **You** must make the **Monthly Payments** by direct debit. **You** must complete a direct debit mandate as part of the **Mortgage Application**. **Completion** will be delayed if **we** do not have **your** bank details.

## 4 Fees

**4.1** **You** must pay any reasonable **Fees** **we** charge arising in connection with the **Agreement** when **we** ask **you** to pay them.

**4.2** **Our Fees** will be detailed in **our Tariff of Mortgage Charges** which **we** will send to **you** with the **Mortgage Offer**. **We** will send **you** a copy of **our Tariff of Mortgage Charges** each year and at any other time if **you** ask for a copy. **We** may change the amount of **Fees** **we** charge or add or remove **Fees** from the **Tariff of Mortgage Charges** **we** publish in order to reflect changes in **our** operating costs or the costs of doing the work for which the fee is charged. Any **Fees** incurred by **you** and not paid immediately will be added to the **Amount Owed** by **you** but **you** do not have to pay **Interest** on **Fees**.

## 5 The Mortgage

**5.1** Before **Completion** can take place **you** must sign a **Mortgage Deed** giving **us** a security over the **Property**; this will have first or second ranking as specified in the **Mortgage Offer** and will be **our** security for the **Loan** and any **Additional Borrowing** **we** make.

**5.2** Any existing standard security on the **Property** must be paid off before the **Mortgage Deed** is completed unless **we** otherwise agree.

**5.3** **Our** rights under the **Mortgage Deed** must have priority over any other rights in the **Property** unless **we** otherwise agree.

**5.4** If **you** are a single person **you** must on or before **Completion** sign a declaration (in the form provided by **us**) confirming that the **Property** and the **Mortgage Deed** are not and will not be subject to any other person's right of occupation.

**5.5** If **you** are married or in a civil partnership and **your** spouse or civil partner is not a joint **Borrower** then **your** spouse or civil partner must on or before **Completion** sign a consent (in the form provided by **us**) consenting to the making of the **Advance** and any **Additional Borrowing** and agreeing not to claim any right or interest in the **Property** against **us**.

## 6 Communications between Us

**6.1** **You** can telephone **us** at any time between 9am and 5pm on any **Business Day** on the **Customer Service Number**. If **our** contact details change, **we** will let **you** know.

**6.2** We may record or monitor telephone conversations:

- a) to make sure we carry out your instructions accurately;
- b) to help us maintain the quality of our service; and
- c) for security and training purposes.

**6.3** You can also write to us at our contact address, PO Box 6037, Wolverhampton WV1 9QW, unless we say otherwise. If our contact address changes, we will tell you. If you send us any original, valuable or important documents, we recommend that you use special delivery or a similar service.

**6.4** We may contact you using the most recent e-mail address, permanent postal address or phone number you have given us. You will have to accept (and, as appropriate, must follow) any notice we send you at the last relevant address you have given us. We will not send any confidential information to you by e-mail.

**6.5** When we are required to give notice to you, for example to notify you of changes to the **Rate of Interest** or the **Monthly Payment**, we will do so by:

- a) post addressed to you at the correspondence address you provide or at the **Property**. (Any notice given will be considered to be received by you 48 hours after posting); or
- b) any other reasonable method available by law.

**6.6** You must tell us if your contact details change by:

- a) writing to us at our contact address referred to in condition 6.3; or
- b) using the **Customer Service Number**.

**6.7** We will communicate with you in English and all documents we send you and use will be in English.

## 7 Higher Lending Charge

Sometimes a **Mortgage Offer** will indicate that a higher lending charge is to be made. This charge helps to cover the additional risks to us involved in lending where an **Advance** is a high percentage of the value of the **Property**. We use this charge to cover our risks of lending by purchasing insurance or contributing to a separate fund to protect us against this risk. This is for our protection not yours. If you pay the higher lending charge, the charge is not refundable.

## 8 Delay

If we relax any term of the **Agreement** for you or we delay in enforcing any of our rights under the **Agreement** this will not prevent us from enforcing them strictly at any time.

## 9 Not used

## 10 Law

The **Agreement** is governed by the laws of Scotland. The courts of Scotland will deal with any claim, dispute or difference arising from the **Agreement**.

## 11 The Entire Agreement

These **General Mortgage Conditions**, the **Standard Conditions**, the declaration in the **Mortgage Application**, the **Mortgage Offer** and any **Offer Conditions**, the **Mortgage Deed** and the **Tariff of Mortgage Charges** comprise all the terms agreed between you and us for the **Loan**. As a result, it is very important that you read all of these documents carefully to make sure that they reflect your understanding of the arrangement between you and us.

## 12 Our Right to Transfer

**12.1** From time to time we may, or may agree to, sell, transfer, assign, novate, grant security over, put into trust or otherwise dispose of, in whole or in part, any **Loan**, **Mortgage** or other related security to any person or organisation.

**12.2** You agree to each **Disposal** under condition 12.1 that we may make and you understand and agree that we may do so without giving notice to you and without your consent.

**12.3** You understand that a **Disposal** under condition 12.1 typically involves us transferring all or some of the rights and obligations that go with the **Loan**, **Mortgage** or the related security to another person or organisation.

**12.4** You agree that **we** may provide information about (i) **your Mortgage Application** and any supporting documentation, (ii) **your Mortgage, Loan** and any related security, (iii) any other information relating to the **Property**, (iv) the history and conduct of **your Account**, (v) the results of any statistical, monitoring or quality analysis activity that **we** may carry out on **your Account** from time to time and (vi) any other relevant information, (a) to any such person or organisation who does, or **we** believe wishes to, enter into any **Disposal** with **us** or who does or **we** believe wishes to fund or otherwise be involved in any **Disposal**; (b) to any purchaser or potential purchaser of **the Lender** or any person who does or **we** believe wishes to fund or otherwise be involved in any such purchase; and (c) to any person who was previously **the Lender** under the **Agreement**. **We** may provide that information at any time on, prior to or after any actual or potential **Disposal** under condition 12.1. You understand that **we** may provide such information to any such person or organisation including, but not limited to, credit reference agencies for the purpose of quality analysis.

**12.5** You agree that any transferee, assignee or other grantee who has become the legal owner of the **Loan** or **Mortgage** may change the **Tariff of Mortgage Charges** applicable to **your Loan** and may set the **Standard Variable Rate of Interest** (if any) charged on the **Loan** independently of the rate set by **us** and any previous transferee, assignee or grantee.

### **13 Third Party Rights**

Anyone who is not a party to the **Agreement** will have no rights under the **Agreement**.

## Part 5: Loan and Payment Conditions

### **14 The Loan and Payment Terms**

**14.1** The **Loan** is made up of the **Advance** and any **Additional Borrowing** **we** may make.

**14.2** The **Amount Owed** comprises the **Advance** and all of the money **you** owe to **us** now or in the future under the **Agreement**, including all **Interest** accrued or charged under this **Agreement**, any **Additional Borrowing**, and **Fees** and any **Expenses** **you** must pay in line with the **Agreement**.

**14.3** Once **we** make the **Advance**, a legally binding **Agreement** is created between **you** and **us**.

**14.4** Unless **you** have chosen an **Interest-Only Loan**, **you** must repay the **Capital** with **Interest** over the **Mortgage Term** of the **Loan** by making the **Monthly Payments**. **You** must repay the **Amount Owed** no later than the last day of the **Mortgage Term**.

**14.5** If **you** have chosen an **Interest-Only Loan**, the **Monthly Payment** will comprise of only the payment of **Interest** on the **Capital** and not include any repayment of the **Capital** part of the **Loan**. **You** must repay the **Amount Owed** no later than the last day of the **Mortgage Term**.

**14.6** **We** will take the **Monthly Payments** by direct debit from a current account **you** have told **us** that **you** would like the **Monthly Payments** taken from on the **Payment Date**. If any direct debit payment is refused or recalled by **your** bank or building society, then **we** shall charge **you** an administration fee for each unsuccessful application for payment. The amount of such administration fee shall be determined in accordance with **our Tariff of Mortgage Charges** and shall be payable by **you** on demand.

**14.7** The first **Monthly Payment** is due on **your** first **Payment Date**. After that, **Monthly Payments** are due on the **Payment Date** in every **Month** until **you** pay off the **Amount Owed**. If the **Payment Date** is on a weekend or a bank holiday, the payment is due on the first **Business Day** following that date. If **you** fail to make the **Monthly Payments** on time, **you** will have to pay **us** **Fees** as contained in the **Tariff of Mortgage Charges** (this will not affect **our** other rights under the **Agreement**).

**14.8** **We** may change the **Payment Date** at any time for the following reasons:

- a) to incorporate reasonable changes in **our** business;
- b) to reflect changes in the practice of other mortgage lenders;
- c) to reflect technological changes.

**We** will give **you** not less than two **Months'** notice in advance of any change **we** make to the **Payment Date**.

**14.9** In addition to **your** **Monthly Payment**, an additional initial payment must be paid by **you** with the **First Payment**. This will cover **Interest** **we** charge from the date of **Completion** to the end of the **Month** in which the **Loan** completed.

## 15 Paying back the Amount Owed

- 15.1** You must repay the **Amount Owed** under the **Agreement** no later than the last day of the **Mortgage Term**. If any other condition requires you to pay any part of the **Amount Owed** earlier (for example, **Monthly Payments, Fees and Expenses**), you must comply with that condition.
- 15.2** You must repay the **Amount Owed** whether or not the money from selling the **Property** or any other security for it is enough to repay the **Amount Owed**.
- 15.3** You must repay all of the **Amount Owed** outstanding when the **Property** is sold. You must do this once the sale completes.

## 16 Interest-Only Loans

If the **Loan** or any part of it is an **Interest-Only Loan**, you must make suitable arrangements to pay off the **Capital** at the end of the **Mortgage Term**. If you arrange a **Savings Plan** you must keep it in place to repay the **Capital** of the **Loan**. If your arrangement does not produce enough money to pay off the **Capital** at the end of the **Mortgage Term**, you will have to pay off the shortfall yourself.

## 17 Changes in the Monthly Payments

- 17.1** The amount of your initial **Monthly Payment** is set out in the **Mortgage Offer**. We may change the **Monthly Payment** you make by giving fourteen days' notice to you in advance for any of the following reasons:
- if there is a change in the **Rate of Interest**. Any notice we give you will state when the change in the **Rate of Interest** will come or did come into force;
  - to cover any **Expenses** and any **Interest** on them and **Fees**;
  - to reflect any changes agreed between you and us in the number or amount of **Monthly Payments** to be made under the **Agreement**;
  - if there is a change in the **Amount Owed** such as if you take any **Additional Borrowing** or you repay part of the **Loan** early;
  - if you have made a payment of an amount less than the correct **Monthly Payment** (even if this is a result of our mistake in working out the **Monthly Payment** or any other amounts you owe);
  - if we have applied, changed or cancelled any arrangement allowing you to delay paying the **Loan** or any other amounts you owe us;
  - if we need to provide for any other matter to make sure that all or part of the **Amount Owed** is repaid by the end of the **Mortgage Term**.
- 17.2** If the **Rate of Interest** we charge changes between the date of the **Mortgage Offer** and the date your first **Monthly Payment** is due, we may be unable to give you fourteen days' notice of any change to your **Monthly Payment** but we will give you notice in advance of the change as soon as we reasonably can.
- 17.3** We will initially collect your **Monthly Payment** in advance on each **Payment Date** (other than the first **Monthly Payment** which may be collected partly in arrears). We can from time to time collect the **Monthly Payment** in advance or in arrears or partly in advance and partly in arrears. If we change the way we collect the **Monthly Payment** we will give you one **Month's** notice of this in advance and we will only make the change:
- to incorporate reasonable changes in our business;
  - to reflect changes in the practice of other mortgage lenders;
  - to reflect technological changes.
- ## 18 Interest
- 18.1** **Interest** will accrue daily on the **Amount Owed** (excluding **Fees**) on each day at the **Rate of Interest**.
- 18.2** **Interest** will start accruing from and including the date of **Completion** up to and including the date the **Amount Owed** is repaid in full. If in any **Month** we lend any further money to you (for example, if we make another **Advance** to you or if we release the **Loan** to you in instalments) **Interest** will accrue on that further money from and including the day it is lent or released to you or your legal adviser.
- 18.3** If you fail to pay any other money which is owed to us (other than the **Fees**) when you are obliged to, **Interest** will accrue on that money from and including the date on which you should have paid it until it is paid.

- 18.4** **Interest** which accrues in any **Month** or part of a **Month** and is not paid before the end of the **Month** will be added to the **Account** (and will be treated as part of the **Amount Owed** and will then be payable by **you**) on the first day of the following **Month** except that: **Interest** accruing in the **Month** or part of the **Month** in which the **Amount Owed** is repaid in full may be added to the **Account** (and will be treated as part of the **Amount Owed**) at any time during that **Month** or part of the **Month** which the **Amount Owed** is repaid in full. This means that **you** will be charged **Interest on Interest**.
- 18.5** **You** must pay **us Interest** which accrues in any **Month** or part of a **Month** before the end of that **Month**, or if earlier, before the **Amount Owed** is repaid in full. If **you** do not, **we** will charge **you** and **you** must pay **us** on the first **Business Day** of the following **Month**, **Interest** on the **Interest** **you** have not paid. This may occur in some cases if the **Monthly Payment** is not sufficient to pay all the **Interest** accrued in the relevant **Month**.
- 18.6** The initial **Rate of Interest** **we** charge **you** is set out in the **Mortgage Offer**. If **you** are charged a special **Rate of Interest** this is shown as an initial **Rate of Interest** and will apply for the period as set out in the **Mortgage Offer**.
- 18.7** **We** will continue to charge **you Interest** at the **Rate of Interest** even after any court decree requiring **you** to pay the whole or any part of the **Amount Owed**.
- 18.8** The **Rate of Interest** is an annual rate. To calculate the amount of **Interest** accruing on a daily basis, **we** divide the annual amount of interest by 365, except in a leap year where the annual amount of interest will be divided by 366.
- 18.9** **We** may change the method of calculating the **Interest** (including whether it is charged in advance or in arrears) to reflect changes in **our** procedures or systems. If **we** transfer any or all of any part of **our Loan** to another person that person may change such method to reflect their procedures and systems. Any change in such method would not materially increase **your** obligations. **We** will give **you** not less than one month's notice in advance of any change in the method of calculating **Interest**.

## 19 Changes to the Rate of Interest

- 19.1.1** If the **Rate of Interest** **you** are charged is the **Standard Variable Rate of Interest**, **we** may change it at any time for any of the following reasons:
- ▶ To enable **us** to respond proportionately to a change which has occurred, or which **we** think is about to occur, in the costs of funds **we** use in **our** lending business or to fund **your Loan**.
  - ▶ To enable **us** to respond proportionately to a change which has occurred, or which **we** reasonably expect to occur, in **our** reasonable assessment of the risk, or of the cost or pricing of that risk, in relation to **your Loan** and any similar loans **we** hold in **our** business generally.
  - ▶ To enable **us** to respond proportionately to a change which has happened, or which **we** reasonably believe is about to happen in the **Bank of England Base Rate** or **LIBOR** or interest rates generally.
  - ▶ To reflect a change in the law, regulatory requirements (including a recommendation by an ombudsman or any similar body), or any relevant code of practice or general industry practices.
- We** will give **you** at least 14 days' notice in advance of any change to the **Standard Variable Rate of Interest**, and the change will take effect on the date specified in that notice.
- 19.1.2** If the **Rate of Interest** **you** pay is linked to the **Bank of England Base Rate** or **LIBOR** it will change automatically to reflect any change in the **Bank of England Base Rate** or **LIBOR** and will take effect on the day of such change (if the **Rate of Interest** is linked to the **Bank of England Base Rate**) or on the **LIBOR Setting Date** (if the **Rate of Interest** is linked to **LIBOR**).
- We** will give **you** notice of any change in the **Bank of England Base Rate** or **LIBOR** within a reasonable time after that change.
- 19.2** If the **Rate of Interest** **you** are charged is a **Fixed-Rate**, **we** will not change the **Rate of Interest** **you** are charged until the **Fixed-Rate Period** ends unless **we** do so under condition 19.3. After the **Fixed-Rate Period** ends, the **Rate of Interest** on the **Loan** will change to the **Reversionary Rate of Interest** detailed in the **Mortgage Offer**.
- 19.3** **We** may change the **Rate of Interest** **you** are charged at any time to reflect a change in the value of **our** security because of the way in which the **Property** is used or occupied under condition 28.3. **We** will give **you** at least 14 days' notice in advance of any changes under condition 28.3 in the **Rate of Interest** and the change will take effect on the date specified in that notice.
- 19.4** **We** may reduce the **Rate of Interest** at any time without giving prior notice.



**19.5** We will give **you** at least fourteen days' written notice of a change to the **Monthly Payment** following a change in the **Rate of Interest**. The **Monthly Payment** will change on the next **Payment Date** following expiry of the fourteen days.

**19.6** If the **Rate of Interest** increases, the next **Monthly Payment** **you** make may not be sufficient to pay all of the **Interest** that accrued in the previous **Month**. If this occurs, any unpaid **Interest** will be added to the **Amount Owed** and **you** will pay **interest** on it. **You** can contact **us** to pay any unpaid **Interest** instead if **you** wish to prevent this happening.

**19.7** If the **Rate of Interest** decreases the next **Monthly Payment** **you** make may be more than the amount required to pay the **Interest** that accrued in the previous **Month**. If this occurs, **we** will use any additional amount **you** pay in accordance with condition 26.

## **20 Early Repayment**

**20.1** If the **Loan** or part of the **Loan** is repaid before the end of the **Mortgage Term**, **you** may need to pay an **Early Repayment Charge** in accordance with the **Mortgage Offer**. If **we** demand **you** immediately repay the **Amount Owed** under condition 23 **we** will require **you** to pay any **Early Repayment Charge** that is incurred. **We** will not require **you** to pay any **Early Repayment Charge** if **we** have demanded immediate repayment of the **Amount Owed** as a result of **your** death.

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

**20.3** If **you** make a **Capital Repayment** of part of the **Loan**, an **Early Repayment Charge** may be payable in accordance with the terms stated in the **Mortgage Offer** and **we** may deduct these from any amount received before applying the **Capital Repayment** to **your** **Loan**. Any **Capital Repayment** **you** make will be credited to the **Account** on the day it is received by **us**.

**20.4** **You** must pay **us** any **Fees** payable under the **Tariff of Mortgage Charges** in connection with any early repayment.

## **21 Our Expenses**

**You** must pay **us** the following **Expenses** (which may include legal, surveying or other professional fees **we** pay) within fourteen days of the day **we** ask **you** to pay them:

- a) All reasonable costs, charges and fees as they arise (whether **we** demand them or not) which **we** reasonably incur in connection with the **Agreement**.
- b) The costs **we** reasonably incur in any legal action relating to the **Agreement**.
- c) The costs **we** reasonably incur in enforcing any of **our** legal rights under the **Agreement**.
- d) The costs **we** reasonably incur in putting right any failure by **you** to keep to the **Agreement**.
- e) Any administration costs **we** reasonably incur in doing any work connected with the **Agreement**, (including costs arising from finding **you** and communicating with **you**, collecting amounts **you** owe and enforcing the **Mortgage Deed**) and which are not covered by **our** **Fees**.

All **Expenses** will be added to the **Amount Owed** by **you**. **Our** **Expenses** will bear **Interest** at the **Rate of Interest** from the day fourteen days after the date **we** asked for them to be paid.

**You** can contact **us** to arrange payment of **Expenses** at any time, if **you** wish to avoid increasing the **Amount Owed** or incurring **Interest** on the **Expenses**.

## **22 DWP Overpayments**

If the Department for Work and Pensions or any other government or regulatory body at any time is making any payment to **us** towards payment of **your** obligations under the **Agreement** and they make any overpayment which **we** have to refund, **we** will tell **you** of the refund and **you** must immediately reimburse **us** and make good any deficit which arises.

## **23 Demanding Immediate Repayment**

**We** can demand that **you** immediately repay the **Amount Owed**, at any time, if any of the following events happen:

- a) **You** are in arrears meaning that **you** have failed to make any two **Monthly Payments** in full on the **Payment Date** and at the time of **our** demand those **Monthly Payments** have still not been paid in full.
- b) **You** do not pay any other amount **you** owe **us** under the **Agreement**.
- c) **You** materially and persistently break any of the material terms of the **Agreement**.
- d) **You** create rights or grant interests in the **Property** that affect **our** ability to enforce the **Mortgage** satisfactorily.
- e) Any part of the **Property** is bought under a compulsory purchase order or requisitioned.



- f) The **Property** or any part of it is damaged and in **our** opinion or that of **our** agents, the value of **our** security is materially lowered.
- g) **You** become bankrupt or are sequestrated or **you** make any formal arrangement with the people **you** owe money to, or **we** reasonably believe that **you** are likely to do so.
- h) **You** (or someone on **your** behalf) intentionally:
  - A) provided **us** with untrue, inaccurate or incomplete information as part of **your** application for the **Loan**, **we** used that information in deciding whether to provide the **Mortgage Offer** to **you**, and that information has had or would have had a significant negative effect on **our** decision to lend, or
  - B) withheld information which **we** have requested from **you** as part of **your** application for the **Loan** and had **we** been aware of the relevant information, **we** would not have provided the **Mortgage Offer** to **you**.
- i) Any person with a right, claim or interest in the **Property** takes legal action to repossess it or to enforce their interests.
- j) If **you** are the only borrower, **you** die or if there is more than one of **you**, the last one of **you** dies (in this condition 23 (j), “**you**” does not include **your** personal representative). Where a surviving joint borrower exists the remaining borrower is individually responsible for ensuring that the **Monthly Payments** are made and the **Amount Owed** repaid.
- k) The **Mortgage Deed** is no longer valid or legally binding for any reason.
- l) If the **Property** is held under a long lease and **you** break the terms and conditions of the lease and fail to take remedial action within any timescale set by the landlord in accordance with terms of the lease.
- m) **You** break the terms and conditions of the **Agreement** and so receive a notice under section 21 of the Conveyancing and Feudal Reform (Scotland) Act 1970 demanding that **you** take action to put the situation right and **you** fail to do so within the time set out in the notice.
- n) Unless **you** have a **Buy-to-Let Loan**, **you** lease or let the **Property** without **our** permission or whether or not **you** have a **Buy-to-Let Loan** **you** let in such a way that breaks the **Agreement**.
- o) **You** fail to pay any amount which **you** owe **us** under any other agreement or standard security that **you** have with **us** within two **Months** of such amount becoming due or if **you** materially break any of **your** other material obligations to **us** under any such agreement or standard security (even if **you** have complied with **your** obligations under the **Mortgage**).

## 24 Amounts you still owe at the end of the Mortgage Term

If **you** still owe **us** any amounts after the end of the **Mortgage Term**, **you** must immediately repay any amounts outstanding. **Interest** will continue to build up at the **Rate of Interest** on any such amounts and **you** will still have to pay **Expenses** **you** incur in line with condition 21. **We** will not release or discharge the **Property** from the **Mortgage** until **you** repay the **Loan** in full.

## 25 Additional Borrowing

- 25.1 If **your Mortgage Offer** states that the terms of **your Loan** allow **you** to apply for **Additional Borrowing**, **you** may apply for **Additional Borrowing** at any time following the end of six **Months** after the date **we** made the original **Advance**.
- 25.2 If **you** apply for any **Additional Borrowing**, **we** will carry out a credit assessment and **our** prevailing underwriting conditions will apply. **We** have no obligation to grant any **Additional Borrowing** even if **our** underwriting conditions are met.
- 25.3 If **we** make an **Additional Borrowing Offer**, these **General Mortgage Conditions** will apply to that **Additional Borrowing** unless **you** and **we** agree otherwise in writing.
- 25.4 **You** will need to repay any **Additional Borrowing** made, together with **Interest** charged on the **Additional Borrowing**, within the repayment period allowed for the **Additional Borrowing**.

## 26 Application of Payments

- 26.1 **We** can apply any payment made by **you** against any part of the **Amount Owed** in a manner which **we** from time to time reasonably decide.
- 26.2 **We** can from time to time change the manner in which **we** apply payments made by **you** against the **Amount Owed**.
- 26.3 **We** will act reasonably in exercising **our** rights under conditions 26.1 and 26.2.
- 26.4 **We** will from time to time give **you** notice of the manner in which such payments are applied against the **Amount Owed** and **we** will give **you** at least fourteen days’ notice in advance if **we** change that manner.

**26.5** For the avoidance of doubt, in exercising **our** rights under this condition 26 but without preventing **us** from applying payments differently, **we** may apply any payment made by **you** against **Expenses** before **Fees**, against **Fees** and **Expenses** before **Early Repayment Charges**, against **Expenses** before **Interest**, and against **Interest** before **Capital**.

## Part 6: Mortgage and Property Conditions

### 27 Your Mortgage

**27.1** The **Mortgage** is **our** security for every part of the **Amount Owed** and **All Other Debt**.

**27.2** The **Mortgage Deed** is **our** continuing security for the **Amount Owed** and **All Other Debt**. This means that the **Mortgage Deed** will stay in force until the **Amount Owed** and **All Other Debt** is repaid in full.

**27.3** The **Mortgage** does not secure any loan which is regulated by the Consumer Credit Act 1974 unless the **Agreement** for that loan says that it will be secured by **your Mortgage**.

**27.4** **Our** power to sell the **Property** by law arises as soon as **you** sign the **Mortgage Deed**.

### 28 The Property

Looking after the **Property**

**28.1** **You** must do the following:

- a) Live in and use the **Property** as **your** permanent home unless **your Loan** is a **Buy-to-Let Loan**.
- b) Look after the **Property** so that it keeps its value as **our** security. This means putting it, and keeping it, clean and in good repair and condition and keeping to all responsibilities and restrictions that apply to it. **You** agree to complete any unfinished work on the **Property** as soon as possible and to a high standard.
- c) Give **us** a copy of any notice or demand **you** receive in connection with the **Property** within a reasonable time. **You** will take all reasonable and necessary steps to comply with the requirements of any such notice. 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 compensation money **you** receive.
- d) Not neglect or damage the **Property** or do anything else to reduce its value.
- e) Not do anything on the **Property** which might harm any insurance or which may increase the premium due for that insurance.
- f) Not make any structural or significant alterations to the **Property** unless **you** have **our** permission beforehand.
- g) Give **us** a new **Standard Security** (if **we** ask) over any new or increased interest **you** get in the **Property**.
- h) Not alter the **Property** nor grant rights in it to anyone (or allow anyone to get rights in it) or do anything which would reduce its value.
- i) Not grant or agree to grant a lease or tenancy of all or any part of the **Property**, unless **you** have a **Buy-to-Let Loan**.
- j) Pay any rent, rates, taxes or other bills that are due for the **Property**, even if **you** are not personally responsible for paying them. If **we** require, **you** will produce all receipts for such payments to **us** within a reasonable time. **You** agree that if **you** fail to pay any of these bills or costs, **we** may pay them on **your** behalf and add the amounts to the **Amount Owed**.
- k) **You** must allow **us** or **our** agents to inspect the **Property** so **we** may be sure **you** are complying with the **Agreement**. **We** will only inspect the **Property** at a reasonable time.
- l) **You** will keep to all laws and obligations which affect the **Property** or its use.
- m) **You** will not without **our** prior written consent, create or allow to exist any security over the **Property** other than the **Mortgage**.

**28.2** If **you** do not comply with any of the obligations **you** have regarding the **Property** **we** may do so on **your** behalf and at **your** expense.

**28.3** If at any time **you** have let the **Property** against the terms and conditions of the **Agreement**, **we** may without affecting **our** other rights under the **Agreement**:

- a) demand that **you** immediately repay the **Loan**; and/or
- b) increase the Rate of Interest by 1% to reflect that the lending has changed and the extra lending risk **we** incur; and/or
- c) evict the tenant.

## **29 Insurance**

**29.1** Subject to Condition 30.2, **you** must insure the **Property** and its fixtures against loss and damage for the full reinstatement value of the **Property** (which is the full cost of rebuilding the **Property**, including all professional fees and the cost of meeting planning and local-authority requirements).

**29.2** **You** must insure the **Property** even if the **Property** is let. **You** must ensure that the tenant is aware of any conditions made by the insurance company.

**29.3** **You** must keep the insurance in force until **you** have repaid the **Loan** in full.

**29.4** The insurance policy must be a comprehensive policy of insurance which:

- a) covers fire, subsidence/heave, landslip, aircraft, explosion, storm, flood, earthquake, impact, bursting/leaking of water tanks or pipes, riot, vandalism and acts of malicious damage and any other risks as **we** may from time to time reasonably demand;
- b) contains a clause protecting **our** interest in the insurance if **you** or anyone else living in the **Property** is negligent (a 'mortgagee's protection clause');
- c) is with a reputable insurance company for at least the full reinstatement value of the **Property**; and
- d) has an excess that is reasonable and not more than £1,000 for claims for subsidence, landslip or heave.

A copy of the insurance policy must be sent to **us** for **our** records and a copy of the latest renewal receipt must be supplied to **us** whenever requested.

**29.5 The insurance policy must be in force:**

- a) if **you** are buying the **Property**, when missives are concluded or the date on which risk in the **Property** passes to **you**, whichever occurs later; or
- b) if **you** already own the **Property**, before the mortgage completes.

**29.6** **You** must pay all of the insurance premiums on time. If **your** policy is cancelled or lapses at any time, **you** must inform **us** immediately.

**29.7** **You** must show **us** the policy and receipts for **your** premium payments if **we** ask to see them.

**29.8** **We** will take action against **you** for any loss **we** may suffer arising from **you** failing to insure the **Property** satisfactorily.

**29.9** **You** must immediately tell **us** about any damage to the **Property** which may give rise to a claim under the insurance policy.

**29.10** **You** must not do anything which could make it more difficult or expensive to keep the **Property** insured or which could make the insurance invalid.

**29.11** **We** are entitled to settle and adjust all claims with insurers regardless of whether the insurance is arranged by **us** or is an independent insurance policy, but **we** will act reasonably in doing so.

**29.12** **You** must hold any money that **you** receive under any insurance of the **Property** on trust for **us**. However, **we** agree that all monies which either **you** or **we** receive under any insurance of the **Property** are to be used at **your** option either:

- a) to make good any damage or loss for which the money was received; or
- b) to repay all or part of the **Amount Owed**.

**29.13** **We** reserve the right to take over the arrangement of the insurance of the **Property** at any time if **we** consider that the amount or type of cover set up by **your** insurer (or, where the **Property** is leasehold, set up by an insurer under condition 30.2) is inadequate or if the policy is cancelled or lapses.

## 30 Leasehold Properties

**30.1** If the **Property** is held under a long lease:

- a) the lease must either be recorded in the General Register of Sasines or registered in the Land Register of Scotland;
- b) the term left to run on the lease must be acceptable to **us** and the landlord must have no right to terminate the lease earlier (other than pursuant to an irritancy clause);
- c) the lease must not contain an irritancy clause which says **you** must give up the lease if **you** become bankrupt or are sequestrated;
- d) **you** or **your** landlord must not have broken any of the obligations or undertakings under the lease;
- e) there must be no restriction on transferring the **Property** (if **you** need **your** landlord's permission, he or she must not unreasonably withhold their permission);
- f) there must be no restriction on granting a right in security over the **Property** (if **you** need **your** landlord's permission, he or she must not unreasonably withhold his or her permission);
- g) the lease must not contain any clause that may result in a substantial and material increase in ground rent or any provision inhibiting the payment of a premium on the assignation of the lease;
- h) there must be adequate arrangements for managing, maintaining and repairing the **Property** (including enforcing clauses and recovering financial contributions from each leaseholder);
- i) all necessary servitudes and title conditions connected with access, support and maintenance must be granted and reserved;
- j) any management company must be a limited company that is solvent and able to meet its responsibilities; and
- k) **you** must notify **us** immediately if **your** landlord takes steps to irritate the lease.

**30.2** If the **Property** is held under a long lease and its lease makes someone else legally responsible for arranging buildings insurance for the **Property**, **you** do not have to arrange **your** own separate cover. However, it must be a term of the lease that the landlord or a management company insures the whole building of which the **Property** is part. **You** must make sure that:

- a) the cover includes all the risks that **we** reasonably require;
- b) the cover is for the full reinstatement value of the **Property**;
- c) the cover is for the whole building of which the **Property** is part;
- d) any money claimed under the policy is used to restore the buildings and fixtures; and
- e) the insurance is adequate and that the policy mentions **your** and **our** rights.

**30.3** **You** must get **our** approval before **you**:

- a) give up the lease;
- b) agree to amend the terms of the lease;
- c) buy the heritable title to the **Property** or any land or building that includes the **Property**; or
- d) extend the lease.

**We** will give **our** approval unless it is reasonable for **us** to refuse it.

## 31 Management Companies

If **you** own the **Property** on terms which allow **you** to hold shares in a management or resident's company, **you** agree to give **us** **your** share certificate or membership certificate when **we** ask **you** to do so together with a share transfer form and allow this to be transferred to **us** so that if **we** need to repossess the **Property** or sell it, **we** can transfer **your** shares or membership to any person to whom **we** have sold the **Property** under **our** power of sale. **We** may receive consideration for any such transfer. **We** may exercise any voting rights as a result of **our** having taken possession of the **Property**.

## 32 Enforcing our rights

**32.1** In this condition 'Acts' means the Conveyancing and Feudal Reform (Scotland) Act 1970, the Mortgage Rights (Scotland) Act 2001 and the Home Owner and Debtor Protection (Scotland) Act 2010.

**32.2** If any of the events in condition 23 happen, **we** may demand that **you** immediately pay **us** the **Amount Owed** and **you** must make immediate payment of the **Amount Owed** to **us**.

**32.3** If any event happens which gives **us** the right to demand that **you** immediately pay the **Amount Owed**, **you** will be in default under the Conveyancing and Feudal Reform (Scotland) Act 1970 and **we** may use any of the powers to enforce the **Mortgage** the Acts give **us**.

**32.4** If any of the events in condition 23 happen, which give **us** the right to demand that **you** immediately pay the **Amount Owed**, **we** may:

- a) Take possession of the **Property** or if the **Property** is let, collect any rent payable.
- b) Carry out any repairs, alterations and improvements to the **Property**.
- c) Exercise **our** right to sell the **Property**. **We** may sell the **Property** whether or not **we** have repossessed it.
- d) Vary the terms of, end, review or accept the renunciation of leases or tenancies over the **Property**.
- e) Allow any person who holds the lease to the **Property** to give up the lease on any reasonable terms.
- f) So far as the Acts permit, grant leases or tenancies of the **Property** on whatever terms **we** choose.
- g) Manage the **Property**, and do anything else arising as a result of managing the **Property** which **we** may or can do legally.
- h) Insure the **Property** for any amounts and against any risks and through any agency as **we** see fit.
- i) Sell any of the fixtures on their own or together with the **Property**.
- j) Remove, store, sell, save or otherwise get rid of any furniture or goods **you** fail to remove from the **Property**.
- k) Pay any **Interest** and **Expenses**.
- l) Take any action in **your** name or otherwise as may seem appropriate.
- m) Exercise all powers and authorities which **we** shall think fit to exercise. **You** agree that **we** may confer any powers and authorities which **we** could give if **we** were the actual beneficial owner of the **Property**.
- n) Exercise all other powers conferred on **us** as a heritable creditor under the Acts.
- o) Do anything else the law allows in connection with the **Property**.

**32.5** Any money **we** receive from exercising **our** rights under condition 32.4 will be used as follows:

- a) to pay **our Expenses**;
- b) to pay off the rest of any amounts **you** owe **us** (including the **Amount Owed** and **All Other Debt**).

**We** do not have to use the money **we** receive to pay off **Interest** before repaying the **Loan** or otherwise to pay off the **Amount Owed** or **All Other Debt** in any particular order.

**32.6** If any of **your** belongings are removed, **you** must pay **us** in full for any reasonable costs reasonably incurred in removing, storing or selling them (including any claims other people make relating to removing or dealing with those items) when **we** ask **you**. If **we** sell anything, **we** would take those costs from the proceeds and pay **you** what is left but if the proceeds are insufficient to pay **our** costs, **you** must pay **us** the shortfall in full when **we** ask **you**.

**32.7** If any of the **All Other Debt** (for example, debt **you** owe to **us** which is or was secured on another property) is immediately payable by **you**, even if **you** have paid off all the **Amount Owed**, **we** may do any of the things and exercise any of the rights referred to in condition 32.4.

**32.8** If the **Property** has been mortgaged or secured in a way that gives someone else a first claim on it, or someone has an interest in it ahead of **our Mortgage Deed**, **we** have the right to buy out the other person's rights. **We** may do so at any time:

- a) after giving **you** notice to demand that **you** pay the debt; or
- b) as soon as any powers under the claim or interests have come into force.

**You** will be fully bound by any agreement **we** reach with the other person. **You** will have to pay back any money **we** have spent on buying out that other person's rights when **we** ask **you** for it.

**32.9** We or our agent may at any time enter and inspect the **Property** and do any work which we think is necessary to put right any failure by you to keep to the **Agreement**. If we take any action under this condition, it does not mean that we have accepted the legal responsibilities as if we had repossessed the **Property**. Apart from in an emergency, we will give you at least seven days' notice of our intention to enter the **Property**.

### **33 Possession of the Property**

If any event happens which gives us the right to demand that you immediately pay the **Amount Owed**, you undertake to vacate the **Property** and to give us possession of it after we have given you seven days' written notice requiring you to remove from the **Property** and you agree that we may apply for a court decree for your ejection from the **Property** in any Sheriff Court in the area in which the **Property** is situated at any time after the period of seven days specified in the notice.

### **34 Power of Attorney**

**34.1** For the purpose of securing our interest in the **Property**, you appoint us to be your attorney. The attorney will be legally entitled to act on your behalf and the attorney's acts will bind you as though you had done such acts yourself.

**34.2** You agree to sign any document and do anything else which we reasonably request you to do in order to:

- a) perfect or improve any security created or intended to be created for the repayment of the **Amount Owed** by you and **All Other Debt**.
- b) help the exercise by us of any of our powers under the **Mortgage**.
- c) protect, manage or sell the **Property** or any other security for the repayment of the **Amount Owed** and **All Other Debt**.

**34.3** Under the power of attorney we may execute any document or do anything which you are required to do under these **General Mortgage Conditions**.

**34.4** We will not be liable for anything which is done under the power of attorney unless we have failed to use reasonable care in exercising the power.

**34.5** The power of attorney that you give us in this condition cannot be cancelled while any of the **Amount Owed** and **All Other Debt** is still outstanding.

### **35 Shortfall**

If the **Property** has been sold (whether after we have enforced some or all of our rights under conditions 32, 33 or 34 or otherwise) and the **Amount Owed** has not been paid off in full, the shortfall will become immediately repayable. You must pay the shortfall even if we have agreed to discharge the **Mortgage** over the **Property**. Any shortfall will bear interest at the **Rate of Interest** and we may continue to charge you **Fees** and **Expenses** even after any court decree requiring you to pay the whole or any part of the **Amount Owed**. Your obligations under this condition will continue even after release or discharge of the **Mortgage**.

### **36 Money held on your behalf under another Mortgage**

If any of the events in condition 23 happen and

- a) we are holding any money on your behalf pursuant to a power of sale in relation to another property owned by you or any one or more of you which is secured to us; and
- b) the money so held by us exceed the amount required to discharge the debt relating to that security.

we can (but are not obliged to) use that money which we are holding on your behalf to repay the **Amount Owed**.



### 37 If we are in breach of our Agreement with You

**We** will not be liable to **You** for any loss, damages, costs or expenses, which **You** may suffer as a result of any breach of (or failure to perform) **Our** obligations to **You** under the terms of this **Agreement** which is:

- a) beyond **Our** reasonable control (which shall include, without limitation, industrial dispute or failure or fluctuation of power supply or telecommunications);
- b) not foreseeable, or
- c) for loss of profit.

Nothing in this **Agreement** excludes or limits **Our** liability for:

- a) fraud, or fraudulent misrepresentation;
- b) death or personal injury caused by **Our** negligence, or
- c) any other liability the exclusion or restriction of which is expressly prohibited by law.

**This is the Schedule referred to in the foregoing General Mortgage Conditions 2015 (Scotland) by Charter Court Financial Services Limited.**

In this Schedule references to “this Act” are references to the Conveyancing and Feudal Reform (Scotland) Act 1970.

## **Maintenance and Repair**

### **1 It shall be an obligation on the debtor:-**

- (a) to maintain the security subjects in good and sufficient repair to the reasonable satisfaction of the creditor;
- (b) to permit, after seven clear days notice in writing, the creditor or his agent to enter upon the security subjects at all reasonable times to examine the condition thereof;
- (c) to make all necessary repairs and make good all defects in pursuance of his obligation under head (a) of this condition within such reasonable period as the creditor may require by notice in writing.

## **Completion of buildings etc. and prohibition of alterations etc.**

### **2 It shall be an obligation on the debtor:-**

- (a) to complete, as soon as may be practicable, any unfinished buildings and works forming part of the security subjects to the reasonable satisfaction of the creditor;
- (b) not to demolish, alter or add to any buildings or works forming part of the security subjects, except in accordance with the terms of a prior written consent of the creditor and in compliance with any consent, licence or approval required by law;
- (c) to exhibit to the creditor at his request evidence of that consent, licence or approval.

## **Observance of conditions in title, payment of duties, charges, etc., and general compliance with requirements of law relating to security subjects**

### **3 It shall be an obligation on the debtor:-**

- (a) to observe any condition or perform any obligation in respect of the security subjects lawfully binding on him in relation to the security subjects;
- (b) to make due and punctual payment of any ground burden, teind, stipend, or standard charge, and any rates, taxes and other public burdens, and any other payments exigible in respect of the security subjects;
- (c) to comply with any requirement imposed upon him in relation to the security subjects by virtue of any enactment.

## **Planning notices, etc.**

### **4 It shall be an obligation on the debtor:-**

- (a) where he has received any notice or order, issued or made by virtue of the Town and Country Planning (Scotland) Acts 1947 to 1969 or any amendment thereof, or any proposal so made for the making or issuing of any such notice or order, or any other notice or document affecting or likely to affect the security subjects, to give to the creditor, within fourteen days of the receipt of that notice, order or proposal, full particulars thereof;
- (b) to take, as soon as practicable, all reasonable or necessary steps to comply with such a notice or order or, as the case may be, duly to object thereto;
- (c) in the event of the creditor so requiring, to object or to join with the creditor in objecting to any such notice or order or in making representations against any proposal therefor.

## **Insurance**

### **5 It shall be an obligation on the debtor:-**

- (a) to insure the security subjects or, at the option of the creditor, to permit the creditor to insure the security subjects in the names of the creditor and the debtor to the extent of the market value thereof against the risk of fire and such other risks as the creditor may reasonably require;
- (b) to deposit any policy of insurance effected by the debtor for the aforesaid purpose with the creditor;
- (c) to pay any premium due in respect of any such policy, and, where the creditor so requests, to exhibit a receipt therefor not later than the fourteenth day after the renewal date of the policy;
- (d) to intimate to the creditor, within fourteen days of the occurrence, any occurrence which may give rise to a claim under the policy, and to authorise the creditor to negotiate the settlement of the claim;
- (e) without prejudice to any obligation to the contrary enforceable against him, to comply with any reasonable requirement of the creditor as to the application of any sum received in respect of such a claim;
- (f) to refrain from any act or omission which would invalidate the policy.

### Restriction on letting

- 6** It shall be an obligation on the debtor not to let, or agree to let, the security subjects, or any part thereof, without the prior consent in writing of the creditor, and “to let” in this condition includes to sub-let.

### General power of creditor to perform obligations etc. on failure of debtor and power to charge debtor

- 7**
- (1) The creditor shall be entitled to perform any obligation imposed by the standard conditions on the debtor, which the debtor has failed to perform.
  - (2) Where it is necessary for the performance of any obligation as aforesaid, the creditor may, after giving seven clear days notice in writing to the debtor, enter upon the security subjects at all reasonable times.
  - (3) All expenses and charges (including any interest thereon), reasonably incurred by the creditor in the exercise of a right conferred by this condition, shall be recoverable from the debtor and shall be deemed to be secured by the security subjects under the standard security, and the rate of any such interest shall be the rate in force at the relevant time in respect of advances secured by the security, or, where no such rate is prescribed, shall be the bank rate in force at the relevant time.

### Calling-up

- 8** The creditor shall be entitled, subject to the terms of the security and to any requirement of law, to call-up a standard security in the manner prescribed by section 19 of this Act.

### Default

- 9**
- (1) The debtor shall be held to be in default in any of the following circumstances, that is to say:-
    - (a) where a calling-up notice in respect of the security has been served and has not been complied with;
    - (b) where there has been a failure to comply with any other requirement arising out of the security;
    - (c) where the proprietor of the security subjects has become insolvent.
  - (2) For the purposes of this condition, the proprietor shall be taken to be insolvent if-
    - (a) he has become notour bankrupt, or he has executed a trust deed for behoof of, or has made a composition contract or arrangement with, his creditors;
    - (b) he has died and a judicial factor has been appointed under section F111A of the Judicial Factors (Scotland) Act 1889 to divide his insolvent estate among his creditors, or his estate falls to be administered in accordance with an order under section 421 of the Insolvency Act 1986;
    - (c) where the proprietor is a company, a winding-up order has been made with respect to it, or a resolution for voluntary winding-up (other than a members' voluntary winding-up) has been passed with respect to it, or a receiver or manager of its undertaking has been duly appointed, or possession has been taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property of the company comprised in or subject to the charge.

### Rights of creditor on default

- 10**
- (1) Where the debtor is in default, the creditor may, without prejudice to his exercising any other remedy arising from the contract to which the standard security relates, exercise, in accordance with the provisions of Part II of this Act and of any other enactment applying to standard securities, such of the remedies specified in the following sub-paragraphs of this standard condition as he may consider appropriate.
  - (2) He may proceed to sell the security subjects or any part thereof.
  - (3) He may enter into possession of the security subjects and may receive or recover feu duties, ground annuals or, as the case may be, the rents of those subjects or any part thereof.
  - (4) Where he has entered into possession as aforesaid, he may let the security subjects or any part thereof.
  - (5) Where he has entered into possession as aforesaid there shall be transferred to him all the rights of the debtor in relation to the granting of leases or rights of occupancy over the security subjects and to the management and maintenance of those subjects.

- (6) He may effect all such repairs and may make good such defects as are necessary to maintain the security subjects in good and sufficient repair, and may effect such reconstruction, alteration and improvement on the subjects as would be expected of a prudent proprietor to maintain the market value of the subjects, and for the aforesaid purposes may enter on the subjects at all reasonable times.
- (7) He may apply to the court for a decree of foreclosure.

### Exercise of right of redemption

#### 11

- (1) The debtor shall be entitled to exercise his right (if any) to redeem the security on giving notice of his intention so to do, being a notice in writing (hereinafter referred to as a “notice of redemption”).
- (2) Nothing in the provisions of this Act shall preclude a creditor from waiving the necessity for a notice of redemption, or from agreeing to a period of notice of less than that to which he is entitled.
- (3)
- (a) A notice of redemption may be delivered to the creditor or sent by registered post or recorded delivery to him at his last known address, and an acknowledgment signed by the creditor or his agent or a certificate of postage by the person giving the notice accompanied by the postal receipt shall be sufficient evidence of such notice having been given.
  - (b) If the address of the creditor is not known, or if the packet containing the notice of redemption is returned to the sender with intimation that it could not be delivered, a notice of redemption may be sent to the Extractor of the Court of Session and an acknowledgment of receipt by him shall be sufficient evidence of such notice having been given.
  - (c) A notice of redemption sent by post shall be held to have been given on the day next after the day of posting.
- (4) When a notice of redemption states that a specified amount will be repaid, and it is subsequently ascertained that the whole amount due to be repaid is more or less than the amount specified in the notice, the notice shall nevertheless be effective as a notice of repayment of the amount due as subsequently ascertained.
- (5) Where the debtor has exercised a right to redeem, and has made payment of the whole amount due, or has performed the whole obligations of the debtor under the contract to which the security relates, the creditor shall grant a discharge in the terms prescribed in section 17 of this Act.

**12** The debtor shall be personally liable to the creditor for the whole expenses of the preparation and execution of the standard security and any variation, restriction and discharge thereof and, where any of those deeds are recorded, the recording thereof, and all expenses reasonably incurred by the creditor in calling-up the security and realising or attempting to realise the security subjects, or any part thereof, and exercising any other powers conferred upon him by the security.

### Interpretation

In this Schedule, where the debtor is not the proprietor of the security subjects, “debtor” means “proprietor”, except

- (a) in standard conditions 9(1), 10(1) and 12, and
- (b) in standard condition 11, where “debtor” includes the proprietor.

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