



# General Mortgage Conditions

2018 (England and Wales)

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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 charge 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

### 1 Definitions

- 1.1 Certain words and phrases (in bold) in these General Mortgage Conditions have the following meanings:

Word/phrase	Description
<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 or referred to 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 mortgage <b>you</b> have with <b>us</b> ) or any future agreement made with <b>us</b> after <b>Completion</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>Capital</b> , <b>Interest</b> , <b>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> (or any other interest rate referred to) 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> (or any other interest rate referred to) 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 you or a person related to you from living in the <b>Property</b> and requires you 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> together with any other amount <b>we</b> have added to the <b>Capital</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 our solicitor or licensed conveyancer will send to <b>us</b> before <b>Completion</b> to confirm: <ul style="list-style-type: none"> <li>▸ who owns the <b>Property</b> and details of the transaction;</li> <li>▸ 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 or licensed conveyancer to carry out have been completed and the results are satisfactory;</li> <li>▸ that any adult occupiers in the <b>Property</b> who are not also borrowers have agreed to postpone any interest they have in the <b>Property</b> to <b>us</b>, and</li> <li>▸ that <b>you</b> wish to accept the <b>Mortgage Offer</b>.</li> </ul>
<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.

Word/phrase	Description
<b>Customer Service Number</b>	Any phone number <b>we</b> give <b>you</b> .
<b>Disposal</b>	Any sale, transfer, assignment, charge or other disposition.
<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 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> <ol style="list-style-type: none"> <li>the rate quoted on the appropriate page of the Telerate Monitor Screen or any such screen or service that may replace it; or</li> <li>if either <b>LIBOR</b> ceases to exist or to be published by ICE Benchmark Administration Limited, references to <b>LIBOR</b> in this Agreement shall be interpreted as a reference to any other variable rate of interest set by a UK-based financial institution which <b>we</b> reasonably specify as comparable to <b>LIBOR</b> previously published by ICE Benchmark Administration Limited, in each case: <ol style="list-style-type: none"> <li>rounded up to two decimal places (so for example, if the rate is 7.05321%, <b>LIBOR</b> will be 7.06%), and</li> <li>for the purpose of calculating your <b>Rate of Interest</b> under these <b>Conditions</b>, not less than 0%.</li> </ol> </li> </ol>
<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 margin 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>	The period from a <b>Payment Date</b> to the day before the next <b>Payment Date</b> (inclusive).

Word/phrase	Description
<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 payment 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 <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 reference to <b>Mortgage Offer</b> includes reference to 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 <b>Offer Conditions</b> set out in the <b>Mortgage Offer</b> .
<b>Payment Date</b>	<p>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 same date of the calendar month following <b>Completion</b> as the date in the calendar month in which <b>Completion</b> occurs. All subsequent <b>Payment Dates</b> will be on the same <b>Monthly</b> date of <b>Completion</b> unless <b>Completion</b> took place on the 29th, 30th or 31st day of a calendar month, in which case, in those calendar months when there is no such date, the <b>Payment Date</b> will be the last day of that calendar month.</p> <p>We may change the <b>Payment Date</b> in accordance with condition 14.8. For example, if <b>Completion</b> takes place on the 15th May, your first <b>Payment Date</b> would be 15th June and subsequent <b>Payment Dates</b> would be on the 15th day of each subsequent <b>Month</b> during the <b>Mortgage Term</b>.</p>
<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 <b>you</b> 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 Variable Rate of Interest</b>	The standard variable rate of interest that <b>we</b> charge on <b>your Loan</b> 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>We</b> may have a different <b>Standard Variable Rate of Interest</b> for different mortgage products.

Word/phrase	Description
<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>we, us, our, the Lender</b>	Charter Court Financial Services Limited (incorporated in England and Wales with company number 6749498 or Charter Mortgages Limited (incorporated in England and Wales with company number 06749495) each having its registered address as 2 Charter Court, Broadlands, Wolverhampton, WV10 6TD) and their successors 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>We</b> will tell <b>you</b> in <b>your Mortgage Offer</b> and the <b>Mortgage Deed</b> which company is the <b>Lender</b> for the purposes of the <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**;
- c. the **Mortgage Offer**;
- d. any **Offer Conditions**;
- e. the **Mortgage Deed**; and
- f. 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 **Mortgage Term**. **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 and the Mortgage Offer or the Offer Conditions, the Mortgage Offer and the Offer Conditions will always 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.

## Part 3 - A Summary of Your Responsibilities and Our Rights

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**, which may be by way of a sale of the **Property** or other property owned by **you**. 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 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 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 money **you** owe **us** under the **Agreement**:
  - i. at the end of the **Mortgage Term**;
  - ii. earlier if **you** sell the **Property** or choose to remortgage it; or
  - iii. 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 can appoint receivers or we may ask a court for an order 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 order 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.



## Part 4 - General

### 2 Joint Mortgages

- 2.1 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 all 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 all 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 any of **you**.
  - d. Any of **you** may instruct **us** to repay a joint mortgage account (see also g below).
  - e. If any of **you** dies, **we** can treat the survivor(s) 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')(s') name(s).
  - f. If **you** all share the same address, **we** may write to **you** all together. This may be by way of a single notice, correspondence, or statement addressed to **you** all 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 all 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 all 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;
      - 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 adult occupier or intended occupier of the **Property** has not agreed to postpone their interest in the **Property** 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**.
  - vi. **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 (or someone acting for **you** has) 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 the **Mortgage Offer** or 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 legal charge over the **Property**: this will be a first or second charge as specified in the **Mortgage Offer** and will be **our** security for the **Loan** and any **Additional Borrowing** we make.
- 5.2 Any existing mortgage on the **Property** must be paid off before the **Mortgage Deed** is completed unless **we** otherwise agree.

## 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:
- to make sure **we** carry out **your** instructions accurately;
  - to help **us** maintain the quality of **our** service; and
  - 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:
- 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
  - any other reasonable method available by law.
- 6.6 **You** must tell **us** if **your** contact details change by:
- writing to **us** at **our** contact address referred to in condition 6.3; or
  - 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 high percentage lending by purchasing insurance or by 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. If **we** purchase insurance and make a claim for loss on the insurance policy in relation to **your Mortgage**, the insurer may pursue **you** for that loss or part of it.

## 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 England and Wales. The courts of England and Wales will deal with any claim, dispute or difference arising from the **Agreement**.

## 11 The Entire Agreement

These **General Mortgage 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, charge 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 under the **Loan**, **Mortgage** or the related security to another person or organisation.
- 12.4 **You** agree that **we** may provide information about **your** (i) **Mortgage Application** and any supporting documentation, (ii) **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 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 wishes to fund or otherwise be involved in any such purchase; and (c) to any person who was previously **the Lender** under this **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 or assignee 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 or assignee.

## 13 Third Party Rights

The Contracts (Right of Third Parties) Act 1999 does not apply to the **Agreement**. This means that, subject to condition 7, anyone who is not a party to the **Agreement** will have no rights under that Act in relation to 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**. As **your Monthly Payments** do not include unpaid **Capital**, **Interest**, **Fees** or **Expenses**, **you** must repay any such unpaid amounts no later than the last day of the **Mortgage Term** unless **we** have added those unpaid amounts to the **Capital** before the end 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**. As **your Monthly Payments** do not include unpaid **Interest, Fees** or **Expenses**, **you** must repay any such unpaid amounts in addition to the **Capital** no later than the last day of the **Mortgage Term** unless **we** have added those unpaid amounts to the **Capital** before the end 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** or the next **Business Day** if the **Payment Date** is not a **Business Day**.
- 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:
- to incorporate reasonable changes in **our** business;
  - to reflect changes in the practice of other mortgage lenders, or
  - to reflect technological changes.
- We** will give **you** not less than two calendar months' notice in advance of any change **we** make to the **Payment Date**.
- 14.9 **You** may request a change to the **Payment Date** at any time after **you** have made **your** first **Monthly Payment**; **we** may agree to **your** request provided that:
- we** are satisfied that **your** request is not an indicator of **you** being unable to make **Monthly Payments**;
  - there is no **Month** in which a **Monthly Payment** is not made, and
  - you** make a single payment of **Interest** to **us** at the **Rate of Interest** for the period between the existing **Payment Date** and the new **Payment Date**.

## 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**, which may be by way of a sale of the **Property** or other property owned by **you**. 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**. **You** must provide to **us** evidence of the **Savings Plan** at any time when **we** ask **you** for it.

## 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 14 days' notice to **you** in advance for any of the following reasons:

- a. 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;
  - b. to cover any **Expenses** and any **Interest** on them and **Fees**;
  - c. to reflect any changes agreed between **you** and **us** in the number or amount of **Monthly Payments** to be made under the **Agreement**;
  - d. 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;
  - e. 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);
  - f. if **we** have applied, changed or cancelled any arrangement allowing **you** to delay paying the **Loan** or any other amounts **you** owe **us**;
  - g. 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** 14 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 arrears on each **Payment Date**. **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 calendar month's notice of this in advance and **we** will only make the change:
- a. to incorporate reasonable changes in **our** business;
  - b. to reflect changes in the practice of other mortgage lenders;
  - c. 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**, **your** creditor(s) 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** will accrue daily and **Interest** accruing up until the day before each **Payment Date** will be added to the **Account** in arrears on the **Payment Date**. **Interest** accruing in the **Month** or part of the **Month** in which the **Amount Owed** is repaid in full will be added to the **Account** on the day on which the **Amount Owed** is repaid in full.
- 18.5 If **you** have not paid **us** the **Interest** which has accrued in any **Month** or part of a **Month** at the start of the next **Month**, **we** will charge **you** **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 order 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 calendar 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** (or a **Margin** applied to it), **we** may change the **Standard Variable Rate** 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.

- 19.2.2 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**).

- a. **We** will give **you** notice of any change in the **Bank of England Base Rate** or **LIBOR** within a reasonable time after that change.

- 19.3 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**.
- 19.4 **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.
- 19.5 **We** may reduce the **Rate of Interest** at any time without giving prior notice.
- 19.6 **We** will give **you** at least 14 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 14 days.
- 19.7 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.
- 19.8 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**, **Early Repayment Charges** 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 (whether by way of a lump sum or a regular amount added to **your** **Monthly Payment**) 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 14 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 14 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 **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:
  - i. 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
  - ii. 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(s) exists the remaining borrower(s) is/are 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 leasehold, **you** break the terms and conditions of the lease and so receive a notice under section 146 of the Law of Property Act 1925 demanding that **you** take action to put the situation right and **you** fail to do so within the time set out in the notice.
- m. 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**.
- n. **You** fail to pay any amount which **you** owe **us** under any other agreement or mortgage 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 mortgage (even if **you** have complied with **your** obligations under the **Mortgage**).
- o. If the **Property** is freehold and subject to a rentcharge, **you** break the rentcharge terms and conditions and the person entitled to receive the rentcharge pursues or intends to pursue any action available to him under section 121 of the Law of Property Act 1925.

## 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 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 calendar 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, but in making such a decision **we** will take account of any regulatory requirements as to the application of payments.

- 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 14 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 **Our** power to sell the **Property** by law arises as soon as **you** sign the **Mortgage Deed**.
- 27.4 If **you** have more than one **Mortgage** with **us**, **our** right to combine mortgages is not restricted by section 93 of the Law of Property Act 1925.

### 28 The Property

Looking after the **Property**

- 28.1 **You** must do the following:
- Live in and use the **Property** as **your** permanent home unless **your Loan** is a **Buy-to-Let Loan**.
  - 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.
  - 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.
  - Not neglect or damage the **Property** or do anything else to reduce its value.
  - Not do anything on the **Property** which might harm any insurance or which may increase the premium due for that insurance.
  - Not make any structural or significant alterations to the **Property** unless **you** have **our** permission beforehand.
  - Give **us** a new mortgage (if **we** ask) over any new or increased interest **you** get in the **Property**.
  - 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.
  - 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** (and any rights **you** have under the Law of **Property** Act 1925 to grant leases does not apply).
  - 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 covenants 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 this **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.
  - e. A copy of the insurance policy must be sent to **us** for **our** records on request 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 contracts are exchanged; 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 **We** will take action against **you** for any loss **we** may suffer arising from **you** failing to insure the **Property** satisfactorily.
- 29.8 **You** must immediately tell **us** about any damage to the **Property** which may give rise to a claim under the insurance policy.
- 29.9 **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.
- 29.10 **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.

- 29.11 **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:
- to make good any damage or loss for which the money was received; or
  - to repay all or part of the **Amount Owed**.
- 29.12 **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 leasehold:
- 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 a forfeiture clause);
  - the lease must not contain a forfeiture clause which says **you** must give up the lease if **you** become bankrupt;
  - you** or **your** landlord must not have broken any of the covenants of the lease;
  - 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);
  - 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 assignment of the lease;
  - there must be adequate arrangements for management, maintaining and repairing the **Property** (including enforcing clauses and recovering financial contributions from each leaseholder);
  - all necessary cross-easements connected with access, support and maintenance must be granted and reserved;
  - any management company must be a limited company that is solvent and able to meet its responsibilities; and
  - you** must notify **us** immediately if **your** landlord takes steps to forfeit the lease.
- 30.2 If the **Property** is leasehold 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:
- the cover includes all the risks that **we** reasonably require;
  - the cover is for the full reinstatement value of the **Property**;
  - the cover is for the whole building of which the **Property** is part;
  - any money claimed under the policy is used to restore the buildings and fixtures; and
  - the insurance is adequate and that the policy mentions **your** and **our** rights.
- 30.3 **You** must get **our** approval before **you**:
- give up the lease;
  - agree to amend the terms of the lease;
  - buy the freehold or any superior title to the **Property** or any land or building that includes the **Property**; or
  - 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, or be a member of, 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**.

## Part 7 - Our Powers

### 32 Enforcing our rights

- 32.1 In this condition 'Act' means the Law of Property Act 1925.
- 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 Under section 101 of the Act, the **Loan** will become due and **our** legal power of sale will arise as soon as **you** sign the **Mortgage Deed**. **We** will only use this power if any of the events in condition 23 happen.
- 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:
- Take possession of the **Property** or if the **Property** is let, collect any rent payable.
  - Exercise **our** right to sell the **Property**. **Our** power to sell the **Property** is free from any of the restrictions in section 103 of the Act. **We** may sell the **Property** whether or not **we** have repossessed it.
  - Appoint a receiver under condition 33 below.
  - Vary the terms of, end, review or accept the surrender of leases or tenancies over the **Property**.
  - Grant leases or tenancies of the **Property** on whatever terms **we** choose free of the restrictions of section 99 of the Act.
  - Exercise all other powers conferred on **us** as a mortgagee under the Act.
- 32.5 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.
- 32.6 If the **Property** has been mortgaged 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:
- after giving **you** notice to demand that **you** pay the debt; or
  - 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.
- 32.7 **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 7 days' notice of **our** intention to enter the **Property**.

### 33 Appointing a Receiver

- 33.1 In this condition 'Act' means the Law of Property Act 1925.

- 33.2 At any time after **we** have demanded payment of any of the **Amount Owed** by **you** or after **you** have broken any terms of the **Agreement** or after any of the **All Other Debt** has become immediately payable, **we** may appoint a receiver. **We** have the right to appoint any person (or people) as a receiver to manage the **Property**. **We** must make the appointment in writing. The receiver may be **our** employee or anyone else **we** choose. **We** have the right to decide what the receiver will be paid, to change the receiver at any time and to appoint another one if **we** believe it is reasonable to do so.
- 33.3 The receiver will act as **your** agent and only **you** are responsible for their costs and actions. **You** are also liable for any contracts they make or enter into. The receiver may do any of the following in **your** name and as **your** agent:
- Have any or all of the powers of a receiver appointed under the Act.
  - Enter and repossess the **Property**.
  - Sell the **Property**.
  - Carry out any repairs, alterations and improvements to the **Property**.
  - Let the **Property** on any reasonable terms.
  - Allow any person who holds the lease to the **Property** to give up the lease on any reasonable terms.
  - Manage the **Property**, and do anything else arising as a result of managing the **Property** which a receiver may or can do legally as **your** agent.
  - Insure the **Property** for any amounts and against any risks and through any agency as he or **we** see fit.
  - Sell any of the fixtures on their own or together with the **Property**.
  - Remove, store, sell, save or otherwise get rid of any furniture or goods **you** fail to remove from the **Property**.
  - Pay any **Interest** and **Expenses**.
  - Take any action in **your** name or otherwise as may seem appropriate.
  - Exercise all powers and authorities which he or **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**.
  - Do anything else the law allows in connection with the **Property**.
- 33.4 The money the receiver receives will be used as follows:
- to pay the receiver's expenses;
  - to pay the receiver's fees at the rate **we** agree with the receiver from time to time;
  - to pay off the rest of any amounts **you** owe **us** (including the **Amount Owed** and **All Other Debt**).
  - The receiver does not have to use the money he receives to pay off **Interest** before repaying the **Loan** or otherwise to pay off the **Amount Owed** or **All Other Debt** in any particular order.
- 33.5 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**.

## 34 Power of Attorney

- 34.1 For the purpose of securing **our** interest in the **Property**, **you** appoint **us** and any receiver appointed by **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 order 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

- 36.1 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 or power to appoint a receiver in relation to another property owned by **you** or any one or more of **you** which is mortgaged to **us**; and
  - b. the money so held by **us** exceeds the amount required to discharge the debt relating to that mortgage,
  - c. **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

- 37.1 **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.
  - d. Nothing in this **Agreement** excludes or limits **our** liability for:
  - e. fraud, or fraudulent

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