

**Aldermore**

**Aldermore Bank PLC.  
Residential mortgage  
conditions 2024.**

## Important: please read

- **You** should read these **mortgage conditions** carefully as they set out what **you** agree to when **you** enter into the **mortgage** with **us**.
- Do not sign anything unless **you** are sure that **you** understand **the** responsibilities that **you** are entering into.
- The **offer** and the **mortgage conditions** should be read together. **The offer** may vary (and differ from) the **mortgage conditions**, in which case the terms of the **offer** will take priority over the **mortgage conditions**.
- **Your** solicitor should explain the **mortgage** and **your** rights and obligations. **You** should ask **your** solicitor if there is anything in either these **mortgage conditions** or the **offer** that **you** do not understand.

### The Loan

- The details of the initial loan are set out in the Offer Document. The Offer Document clearly sets out (amongst other things) the amount you will borrow, the interest rate and the monthly repayments.

### Our Security

- The **mortgage deed** or **Standard Security** secures all money payable by **you** to **us** at any time, which is referred to as the **secured amounts**. The **secured amounts** will include any type of liability, such as any debt **you** owe with other people, on any type of account. The **secured amounts** also include any **additional borrowing** and any other sums payable to **us**, for example, interest or any fees, costs, charges or **expenses** incurred by **us** if **you** breach any terms of the **mortgage**. Where there is more than one of **you** this still applies, even if any of **you** do not know about or agree to a **loan** or any **additional borrowing** made to one of **you**.
- **You** must look after the **property** so that it keeps its value as **our** security and make sure it is insured in a way which satisfies **our** requirements as detailed in your mortgage offer.

### If you fall behind (or other specified events occur)

- The **initial loan** and any **additional borrowing** are repayable at once if certain events set out in the **mortgage conditions** occur. Some examples of these are if **you** fall behind with **your** repayments, are in material breach of other obligations or if **you** enter insolvency processes or the **property** is compulsorily purchased. If any of these happen and **we** demand repayment, among **our** other rights **we** can sell the **property** and use the proceeds to repay the **secured amounts**.
- If the **property** (or any other assets **we** hold as security) does not sell for enough money to repay the **secured amounts**, **you** will remain liable for the shortfall.

### The structure of these conditions

- Part A of these conditions apply to all mortgages.
- Part B of these conditions apply (in addition to Part A) to buy to let mortgages.
- Some of the words used in the **mortgage conditions** have a precise legal meaning whenever they are printed in bold. The meanings are given in Condition 1. Additional meanings are also given in Condition 35 where **you** have a **buy to let mortgage**.

### Our right to transfer

**We** may **transfer** all or some of **our** rights under the **mortgage** to anyone at any time. This means that a different company may become your lender and entitled to repayments and the benefit of the security. **You** agree to this. Please see Condition 26 of the **mortgage conditions** for more information.

### Our right to vary these conditions

We may vary these conditions in accordance with Condition 29.

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## Part A: All Mortgages

### These mortgage conditions apply to all mortgages

#### 1. Definitions

In these **mortgage conditions** the following words have the following meanings unless the context clearly requires otherwise:

1.1“**additional borrowing**” means any additional loan or further advance which **we** make after the date **we** made the **initial loan** available to **you**.

1.2“**AMR**” means the Aldermore Managed Rate (or any equivalent replacement to this rate that **we** introduce, acting reasonably) published by **us** from time to time as identified in the **offer** (or the equivalent standard variable rate of any **transferee** if any **transferee** has such a rate and chooses to use it under Condition 10.1.4 of these **mortgage conditions**).

1.3“**application documents**” means any application documentation (including any declarations contained in such documentation and which are made by **you**) submitted by **you** or on **your** behalf relating to any loan.

1.4“**base rate**” means the rate decided by the appropriate committee of the Bank of England from time to time as being the Bank of England base rate (determined in accordance with the **offer** and including any replacement rate selected by **us** in accordance with the **offer**).

1.5“**borrower**” means the named person(s) to whom the **offer** is issued.

1.6“**business day**” means any day from Monday to Friday (inclusive), except bank and public holidays in Scotland, England and Wales.

1.7“**completion**” means the date on which the loan is made available to **you** (whether via **your** legal representative or directly to **you**) or the date on which **we** use the loan to refinance an existing loan with **us** (as applicable).

1.8“**designated person**” means **you**, **your** spouse, civil partner, parent, grandparents, brother, sister, children, grandchildren, or any person (whether or not of the opposite sex to **you**) whose relationship to **you** has the characteristics of the relationship between husband and wife (or where the loan is to trustees, any beneficiary of the trust or any of the people previously listed insofar as ‘**you**’ refers to the beneficiary).

1.9“**early repayment charge**” means any charge **we** may require **you** to pay to **us** when all or part of the **loan** is repaid before the end of the **term**. Details of the early repayment charge (if any) are set out in the **offer**.

1.10“**expenses**” means all reasonable fees, costs, charges and expenses incurred which **we** pay in connection with the **mortgage** or the **mortgage debt**. These include fees, costs, charges and expenses which **we** pay or incur in:

- (a) providing a service in connection with the **mortgage** or the **property**;
- (b) collecting or recovering any or all of the **mortgage debt**;
- (c) preparing for, bringing or defending legal proceedings relating to the **mortgage debt**, the **property**, any **guarantee** or any other security (including without limit and for the avoidance of doubt reviewing any security held preliminary to any actual or potential proceedings or other enforcement action);
- (d) protecting, preserving or enforcing any security for the **mortgage debt**;
- (e) remedying any breach by **you** of any of **your** duties under the **mortgage**;
- (f) exercising or enforcing any of **our** rights or powers under the **mortgage**;
- (g) administering the property ourselves or by any receiver or agent;
- (h) granting or refusing any consent under any **security document** or dealing with any request from **you**;
- (i) releasing the **property** or anything else from **our** security; and
- (j) insuring the **property** if **you** fail to do so.

**Our expenses** will include fees, costs, charges and expenses which **we** have to pay to third parties (including any receivers). **We** may charge some of **our** expenses by way of fees as set out in the **tariff**.

1.11“**guarantee**” means a guarantee of the **mortgage debt** (or a part of it) in **our** favour.

1.12“**guarantor**” means any person who signs a **guarantee**.

1.13“**initial loan**” means the first loan which **we** make available to **you** which is still outstanding, as described in an **offer** or any replacement or refinancing of this.

1.14“**interest only mortgage**” means a **loan** under which each **monthly payment** does not include a repayment of the capital element of the **mortgage debt** but only includes a payment towards interest. This is identified in the **offer**.

1.15“**interest rate**” means the rate or rates of interest which **we** charge on the **mortgage debt** as set out in the **offer**. These may change under Condition 10 and as set out in the **offer**. Where there is more than one **interest rate** at any time, references to the **interest rate** will be to each rate insofar as it applies to the **mortgage debt**. The **interest rate** is a yearly rate and is based on the number of days in each year.

1.16“**loan**” means the **initial loan** and/or any **additional borrowing**. If a **loan** is advanced in instalments or **we** retain any part of a **loan** as set out in any **offer**, **loan** means the amount actually advanced by **us**.

1.17“**LPA**” means the Law of Property Act 1925. This does not apply in Scotland.

1.18“**month**” means a calendar month.

1.19“**monthly payment**” means the amount which **you** must pay **us** each **month** in respect of a **loan**, the initial amount of which is set out in the **offer**. **We** may change the **monthly payment** under Condition 13.

1.20“**mortgage**” means the agreement between **you** and **us** as set out in the **offer**, **mortgage deed**, **standard security** any other **security document**, any **application documents**, and includes these **mortgage conditions**. In each case any reference to **mortgage** includes any variations, amendments and changes **you** and **we** agree, or which **we** are entitled to make, from time to time.

1.21“**mortgage account**” means the account which **we** use to record the **mortgage debt**.

1.22“**mortgage conditions**” means the conditions in this booklet.

1.23“**mortgage debt**” means all of the money which **you** owe **us** at any time including:

- (a) the **loan**; and
- (b) any unpaid interest, **expenses**, early repayment or other fees.

1.1 1.24“**mortgage deed**” means, where the **property** is located in England or Wales, the document under which **you** give **us** security over the **property**, and which incorporates these **mortgage conditions** and, where the **property** is located in Scotland, the **standard security over the property which incorporates these mortgage conditions**.

1.25“**offer**” means:

- (a) the initial and/or any subsequent **offer/s** by **us** to lend the **initial loan** to **you**;
- (b) for any **additional borrowing**, the written **offer** by **us** to lend **additional borrowing** to **you**; or
- (c) for any **loan** replacing, refinancing or varying any of these, the relevant written **offer** by **us**.

The **offer** also incorporates these **mortgage conditions**. In each case any reference to **offer** includes any variations, amendments and changes **you** and **we** agree, or which **we** are entitled to make, from time to time.

1.26“**payment day**” means the **business day** in each **month** on which **you** must make the **monthly payment**. **We** will notify **you** what that date is after **completion**. Each subsequent **payment day** will occur on the same date of each subsequent **month** thereafter. The **payment day** may be changed under Condition 12.

1.27“**part repayment and part interest only mortgage**” means a **loan** which is divided into two parts, whereby part of the **monthly payment** of the **loan** includes a repayment of the capital element of the **mortgage debt** as well as a payment towards interest and part of the **monthly payment** of the **loan** does not include a repayment of the capital element of the **mortgage debt** (but only includes a payment towards interest). This is identified in the **offer**.

1.28“**property**” means the property(ies) set out in the **mortgage deed** or **standard security** or any part of it including all buildings and fixtures on it at any time and any alterations or extensions. Where there is more than one **property**, references are to each and every such **property**.

1.29“**rating agency**” means each of Fitch Rating Limited; Moody’s Investors Service Inc. and S&P Global Ratings, or any other firms providing similar ratings services, and in each case includes any successors to its respective rating business.

1.30“**repayment mortgage**” means a **loan** under which each **monthly payment** includes a repayment of the capital element of the **mortgage debt** as well as a payment towards interest. This is identified in the **offer**.

1.31“**secured amounts**” means the **mortgage debt** and any other money, indebtedness or liabilities which **you** or any of **you** owe or may owe to **us** from time to time on any account and in any manner (whether individually or with others) except for any money payable under any agreement regulated by the Consumer Credit Act 1974, which does not expressly provide that the agreement is secured by the **mortgage deed** or **standard security**.

1.32“**security document**” means the **mortgage deed** or **standard security** (as applicable) and any other security interest, encumbrance or charge **we** hold from **you** at any time which secures the **secured amounts**.

1.33“**standard conditions**” means the standard conditions specified in schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970.

1.34“**standard security**” means, where the **property** is located in Scotland, the document under which **you** give **us** security over the **property**, and which incorporates these **mortgage conditions**.

1.35“**tariff**” means the tariff of mortgage charges applicable to **your** mortgage type, as published by **us** from time to time. **We** will send **you** the current **tariff** with the **offer**, and it may vary in accordance with these **mortgage conditions**.

1.36“**term**” means the period during which **you** must repay the **mortgage debt** as set out in the **offer**. The **term** may be changed under Condition 13 of these **mortgage conditions**.

1.37“**transfer**” means a mortgage, agreement to sell, assignment, transfer, charge or any other disposition of all or any of **our** rights under the **mortgage**.

1.38“**transferee**” means anyone who is entitled to exercise all or any of **our** rights under the **mortgage** as a result of a **transfer**.

1.39“**valuation**” means any valuation in respect of the **property** carried out on **our** behalf and capable of being relied upon by **us**, from time to time.

1.40“**we**”, “**us**” and “**our**” refers to Aldermore Bank PLC and anyone who at any time is entitled to exercise all or any of **our** rights under the **mortgage** which may include:

- (a) any transferee;
- (b) anyone who is entitled to exercise **our** rights because of a group reorganisation; and
- (c) all other successors and assigns/assignees and persons deriving title through them.

1.41 “**you**” and “**your**” refers to the **borrower** (and, if the **borrower** comprises of more than one person, each and all of them) and includes permitted successors, transferees, assigns/assignees and, where **you** are an individual, any personal representatives. Each of **you** is fully responsible to **us** for the full **mortgage debt** if there is more than one of **you**.

## 2. Interpretation

- 2.1 The terms of the **offer** are incorporated into these **mortgage conditions**. In the event of inconsistency between the **offer** and these **mortgage conditions**, the **offer** shall prevail.
- 2.2 These **mortgage conditions** incorporate the **standard conditions**. In the event of any conflict between the terms of the **standard conditions** and the **mortgage conditions**, the **mortgage conditions** shall apply.
- 2.3 In these **mortgage conditions**:
- (a) the singular includes the plural and the other way round;
  - (b) the masculine includes the feminine and the other way round;
  - (c) where a law is referred to, all changes to it, and any replacements of it, are also included;
  - (d) the expressions “includes” and “including” do not limit the meaning of any other words;
  - (e) a “person” includes both natural and legal persons including but not limited to individuals and companies; and
  - (f) where any public body or authority is referred to, any replacement or successor bodies for any relevant matters are also included.
- 2.4 A reference to a law, regulation, legal term, legal step or process, insolvency practitioner, insolvency step or process tax in any jurisdiction shall include a reference to the equivalent law in any other jurisdiction.
- 2.5 Without prejudice to the generality of paragraph 2.4 above, a reference to:
- (a) “release”, “re-assign” and/or “re-transfer” shall, to the extent it relates to assets located in Scotland or otherwise governed by Scots law, be construed to also refer to retrocession;
  - (b) “full title guarantee” shall, to the extent it relates to assets located in Scotland or otherwise governed by Scots law, be construed to refer to absolute warrandice;
  - (c) “stamp duty” or “stamp duty land tax” shall, to the extent it relates to assets located in Scotland or otherwise governed by Scots law, be construed to refer to any analogous tax in Scotland (including land and buildings transaction tax);
  - (d) “forfeiture” shall, to the extent it relates to assets located in Scotland or otherwise governed by Scots law, be construed to refer to irritancy;
  - (e) “assignment” shall, to the extent it relates to Scottish assets or assets governed by Scots law, be construed to refer to assignment;
  - (f) “transfer” shall, to the extent it relates to Scottish assets or assets governed by Scots law, be construed to refer to dispose, disposition, assign and/or assignment (as applicable);
  - (g) “freehold” shall, to the extent it relates to real property assets located in Scotland or otherwise governed by Scots law, be construed to refer to heritable;
  - (h) “easement” shall, to the extent it relates to real property assets located in Scotland or otherwise governed by Scots law, be construed to refer to servitude;
  - (i) “overriding interest” shall, to the extent it relates to real property assets located in Scotland or otherwise governed by Scots law, include any encumbrance as set out in Section 9 of the Land Registration etc. (Scotland) Act 2012;
  - (j) “distress” shall, to the extent it relates to Scottish assets or assets governed by Scots law or a Scottish entity, include diligence and attachment;
  - (k) “surrender” shall, where it relates to an interest held under a lease of **property** located in Scotland, include a renunciation;
  - (l) “covenant” shall, where it relates to an interest held under a lease of **property** located in Scotland, include any obligation by a landlord or tenant; and
  - (m) despite any provisions to the contrary in these **mortgage conditions**, in relation to any asset located in Scotland and/or governed by Scots law, any reference to beneficial interest and/or ownership shall (unless it relates to an asset located in Scotland held on trust) be construed as a reference to legal interest and/or ownership.
- 2.6 The headings used in these **mortgage conditions** are only for convenience and do not affect their interpretation.

### 3. The offer

- 3.1 **You** agree to perform all obligations on **you** under, and otherwise comply with the terms of, the **offer**.
- 3.2 **We** shall not be obliged to make any **loan** available to **you** until all requirements in the **offer** have been met to **our** satisfaction.
- 3.3 If the **offer** provides that **we** will make a **loan** available to **you** by instalments, or that **we** will hold back any money, **we** will only advance the instalments or any retained amount held back if **you** comply with the terms of the **mortgage** and satisfy any requirements in the **offer**.
- 3.4 If the **interest rate** is variable it may change on or before **completion** under Condition 10 of these **mortgage conditions** or as set out in the **offer**.

### 4. The mortgage deed or standard security

- 4.1 **You** must sign a **mortgage deed** giving **us** a first legal charge over the **property** (if the **property** is located in England or Wales) or a first ranking **standard security** (if the **property** is located in Scotland).
- 4.2 **We** will need to be satisfied that **you** hold, or will hold good and marketable title to the **property** free from any restrictions, encumbrances or other matters which might adversely affect its value or marketability and **we** will require confirmation that the requirements set out in **our** instructions to solicitors are met.
- 4.3 The security created by the **mortgage deed** or **standard security** (as applicable) is the only security which is allowed to exist over the **property** unless **we** agree otherwise. Any other **mortgage** on the **property** must be fully discharged before the **mortgage deed** or **standard security** (as applicable) is completed, unless **we** expressly agree in writing otherwise.
- 4.4 The security created by the mortgage deed will secure the borrowing under this mortgage (i.e. the initial loan) and any other sums you owe to us, whether additional borrowing in relation to this account or sums due in relation to other accounts.
- 4.5 For properties situated in England or Wales, Section 93 of the **LPA** does not apply to the **mortgage deed**. This means that if **you** want to repay the **mortgage** **we** can require **you** to repay any other **loan** or liabilities **you** have with **us**.
- 4.6 The **mortgage deed** or **standard security** (as applicable) is a continuing security for the **secured amounts**. This means that **we** do not have to discharge the **mortgage deed** or **standard security** (as applicable) after **you** have paid the **mortgage debt** until **you** have also paid and discharged the **secured amounts** in full.
- 4.7 Where **you** sign the **mortgage deed** or **standard security** (as applicable), **you** charge to **us**:
  - (a) any rights **you** have under any agreement, warranty or guarantee relating to the **property**;
  - (b) any rights **you** have to claim damages in relation to the **property** (such as a claim arising from a mis-representation about the value of the **property** or against someone who has damaged the **property**);
  - (c) any shares in and / or rights **you** have to shares in a management or residents' company or similar association because of **your** interest in the **property**;
  - (d) all easements and rights which benefit the **property**;
  - (e) any right **you** may have to compensation or insurance money payable in respect of the **property**;
  - (f) any right **you** may have to extend the **term** of any lease of the **property** or to take a new lease or acquire the freehold or other such interest in the **property**;
  - (g) any right to receive rent payable in respect of the **property** (where applicable); and
  - (h) any leasehold or freehold interest in the **property** which **you** acquire after the date of the **mortgage deed or standard security**.
- 4.8 **You** will take any action which **we** reasonably request **you** to in respect of the rights set out in Condition 18.4. If **we** request, **you** will sign a document assigning any of these rights to **us** as security for the **secured amounts**. This document will be prepared by **us** and may incorporate these **mortgage conditions**.
- 4.9 If, on realisation of **our** security, the net proceeds are not enough to repay all of the **mortgage debt**, **you** will pay the shortfall to **us** immediately. Any shortfall will bear interest at the **interest rate** until the **mortgage debt** is paid in full. Interest will be charged at the **interest rate** after any court order requiring **you** to pay the whole or any part of any shortfall.

### 5. Occupation

- 5.1 **You** must have vacant possession of the whole of the **property** at **completion** unless **you** are letting the **property** in compliance with the **offer**.
- 5.2 **You** must tell **us** before **completion** of anyone who is or will be 17 or over at **completion** who will be living at the **property** with **you** (including relatives and children) who has not signed the **mortgage deed or standard security** (as applicable). Any such person must sign a deed of consent or declaration (as applicable) in **our** standard form making any interest they have in the **property** subject to the **mortgage deed or standard security** (as applicable) (except where **we** agree otherwise).
- 5.3 **You** must occupy (or where **we** specify otherwise in the **offer** another **designated person** must occupy) the **property** as **your** main residence unless **you** are letting the **property** in compliance with the **offer**.

- 5.4 If **your offer** states that **your mortgage** is on a **property** that will be let neither **you** nor any **designated person** may occupy or reside in the **property** as a dwelling at any time without **our** prior written consent.

## 6. Valuation and revaluations

- 6.1 The purpose of any **valuation we** instruct is to help **us** to decide if the **property** is adequate security for the **loan** and is for **our** benefit only. **You** should, not and cannot, rely on the **valuation** for any purpose at all.
- 6.2 If **we** provide **you** with a copy of the **valuation**, it is being provided solely for information purposes only. **We** do not give any opinion on the value of the **property** or its condition, or that the price which **you** are paying is reasonable (if **you** are buying the **property**). The valuer is not **our** agent. If **we** have provided **you** with a copy of any **valuation** carried out on **our** behalf, a copy of that **valuation** may also have been sent to **your** legal representative.
- 6.3 If the **offer** states that **we** will hold back some of the money on **completion** until work relating to the **property** as specified in the **offer** is carried out, that money will not be released until such work has been carried out to **our** satisfaction. Unless **you** instruct **us** to do something different, **we** will make available to **you** that money upon **us** confirming that the work has been completed to **our** satisfaction.
- 6.4 **We** may, at **our** cost, obtain a **valuation** of the **property** from time to time. **You** must give **our** valuer reasonable access to the **property** on reasonable notice in order to carry these out. Any **valuation** that **we** obtain will be for **our** benefit only. **We** may choose to disclose it to **you** though **we** are not obliged to do so. If **we** do, please note that such **valuations** are subject to the same terms as referred to in Conditions 6.1 and 6.2 above. If you have a **buy to let mortgage** or a **consumer buy to let mortgage**, this Condition 6.4 is replaced by Condition 37.

## 7. Purchase funds

- 7.1 If **you** are using the **loan** to purchase the **property**:
- (a) its purchase price must be as stated in the **offer**;
  - (b) the purchase price must not in any way be reduced (for example, because the vendor is providing a cashback or some other collateral advantage or because fixtures and fittings or furnishings are included or a reduction is negotiated) nor must any part of it be deferred or left outstanding on **completion**;
  - (c) the full purchase price must be sent to the vendor's solicitors by **your** solicitor;
  - (d) unless **we** have given **our** prior written consent to the contrary, **you** must pay the balance of any purchase money from **your** own resources;
  - (e) **you** must not be purchasing the **property** as a nominee or trustee for anyone else, nor must anyone else be given any option or other right to buy it from **you**; and
  - (f) if the purchase price changes at any stage prior to **completion** **you** must advise **us** immediately.

## 8. Repayment

### Repayment Mortgages

- 8.1 If **you** have a **repayment mortgage**, **you** agree to repay the **loan** with interest at the **interest rate** by making the **monthly payments** over the **term** set out in the **offer**.

### Interest Only Mortgages

- 8.2 If **you** have an **interest only mortgage**, **you** agree to pay interest on the **loan** at the **interest rate** by making the **monthly payments** over the **term** set out in the **offer** and to repay the **loan** capital in full at the same time **you** make the final **monthly payment** at the end of the **term**.

### Part Repayment and Part Interest Only Mortgages

- 8.3 If **you** have a **part repayment and part interest only mortgage**, **you** agree to repay the **repayment mortgage** part of the **loan** with interest at the **interest rate** and to pay interest on the **interest only** part of the **loan** at the **interest rate** by making the **monthly payments** over the **term** set out in the **offer** and to repay the **loan** capital on the **interest only** part of the **loan** in full at the same time **you** make the final **monthly payment** at the end of the **term**.

### General provisions

- 8.4 All **expenses** due or owing together with the **mortgage debt** must be repaid in full on or before the last day of the **term** (if it has not become payable earlier under the terms of the **mortgage**).
- 8.5 For the avoidance of doubt if any of the **mortgage debt** remains outstanding at the end of the **term interest** (and any **expenses** incurred) will continue to apply and will be charged in accordance with the **mortgage**.

## 9. Interest



- 9.1 **We** will debit the **loan** to the **mortgage account**, which **we** will open at **completion**. If the **loan** is made available to **you** by instalments, or if any amount is held back, **we** will debit each such instalment or amount held back to the **mortgage account** when **we** pay the relevant amount to **you**.
- 9.2 If your application ID as shown on your original mortgage offer started with 'X' or 'Y' interest will accrue daily at the **interest rate** on the **mortgage debt** and will be charged to the **mortgage account** on the first day in each **month**. Payments of capital, including those included in your **monthly payment**, will reduce the amount on which we charge interest from the date payments are paid to the **mortgage account**.
- If your application ID as shown on your original mortgage offer started with 'MA' interest will accrue daily at the **interest rate** on the **mortgage debt** and will be charged to the **mortgage account** in arrears on the payment day in each **month**. Payments of capital, including those included in your **monthly payment**, will reduce the amount on which we charge interest from the date payments are paid to the **mortgage account**.
- 9.3 Any interest which is not paid on the **payment day** will itself bear interest from the start of the next **month** until it is paid.
- 9.4 If **you** do not pay any other amount to **us** when it is due, **we** may also charge interest at the **interest rate** on that amount from the date on which **you** should have paid it until it is paid.
- 9.5 **We** will continue to charge interest at the **interest rate** after any court order requiring **you** to pay the whole or any part of the **mortgage debt**.
- 9.6 If, acting as a prudent, fair and responsible lender, **we** change **our** systems and procedures then **we** may change the method **we** use to calculate and apply interest. **We** will give **you** at least 30 days prior notice of such change, in accordance with Condition 27 of these **mortgage conditions**.
- 9.7 A **transferee** may change the method of calculating interest described in Condition 9.2 and 9.3 to reflect the **transferee's** procedures and will notify **you** of the same in accordance with Condition 27 of these **mortgage conditions**.

## 10. Changes to the interest rate

- 10.1 Where the **interest rate** is variable and is linked to **AMR** (subject always to any minimum **interest rate** as set out in the **offer**), the **interest rate** will change automatically to reflect any changes to **AMR** as provided by the **offer**.
- 10.1.1 **We** may reduce the **AMR** at any time.
- 10.1.2 **We** may increase the **AMR** at any time if one or more of the following reasons applies:
- there has been, or **we** reasonably expect there to be in the near future, a general trend to increase interest rates on mortgages generally or mortgages similar to **yours**;
  - we** need to fund an increase in the interest rates **we** pay to **our** own funders (including the rates **we** offer on deposit accounts or through other funding methods such as raising money in the financial markets or from investors);
  - we** need to adjust **our** interest rates in the interests of maintaining **our** financial stability;
  - to reflect changes (and reasonably anticipated changes) in relevant laws, regulations, other requirements of **our** regulators or decisions of courts or an Ombudsman.
- 10.1.3 Any increase in **AMR** will be proportionate to the reason(s) for the change. 10.1.4 Where there has been a **transfer** and the **transferee** chooses to replace **AMR** with its own standard variable rate it will notify **you** in accordance with Condition 27 at least 30 days prior to such change. That new rate will become the **AMR**. For the avoidance of doubt once adopted it may only be varied by the **transferee** in accordance with these **mortgage conditions**.
- 10.2 Where the **interest rate** is variable and is linked to **base rate** (subject always to any minimum **interest rate** as set out in the **offer**), the **interest rate** will change to reflect any changes to **base rate** as provided by the **offer**.
- 10.3 Where the **interest rate** changes in accordance with Condition 10.2, **we** will give **you** at least 10 **business days'** notice before **you** have to make the revised **monthly payment**.
- 10.4 Where the **interest rate** is a fixed **interest rate**, **we** will not change the **interest rate** until the fixed **interest rate** ends unless we do so under Condition 10.5. After the fixed **interest rate** ends, the **interest rate** on the **loan** will change to the rate detailed in the **offer** and will be changed as described in Conditions 10.1 – 10.3 as appropriate.
- 10.5 **We** can increase or apply an additional margin (or increase any fixed **interest rate**) if **you** let the **property** in breach of these **mortgage conditions** (or if **you** have a **buy to let mortgage** and breach any of these **mortgage conditions**). This increase is to reflect the increase to **us** in the risk of **your mortgage**. **We** will notify **you** of any such increase at least 10 **business days** prior to the change taking effect and this notice will also contain details of **your** revised **monthly payments**.

## 11. Monthly payments

- 11.1 **You** will make a **monthly payment** to **us** on each **payment day**, except where the **payment day** is not a **business day**. In this case the **monthly payment** will be due on the first **business day** after the relevant **payment day**.
- 11.2 **You** will make each **monthly payment** by Direct Debit from an account nominated by **you** and approved by **us**, or by any other method agreed by **us**.

- 11.3 Any money which **you** pay to **us** will only be received by **us** when **we** receive the money in cleared funds.
- 11.4 After **completion**, **we** may require **you** to make an adjusted payment to reflect the period between **completion** and the end of the first **month**. This may be more or less than **your** usual **monthly payment** because this payment may cover more or less than a regular month. **We** will write to **you** to let **you** know the exact amount involved after **completion** and recover it by Direct Debit, or by any other method agreed by **us**.
- 11.5 To the extent **you** have a **repayment mortgage**, each **monthly payment** will include both a part repayment of the capital part of the **mortgage debt** and a payment of interest on the **mortgage debt** for the relevant **month**. In these circumstances, **we** will calculate the **monthly payment** to ensure that the capital is repaid over the **term**.
- 11.6 To the extent **you** have an **interest only mortgage**, each **monthly payment** will include only a payment of interest on the **mortgage debt** for the relevant **month** and will not include any repayment of the capital part of the **mortgage debt**.
- 11.7 To the extent **you** have a **part repayment and part interest only mortgage**, each **monthly payment** will include both a part repayment of the capital part of the **mortgage debt** for the part that is a **repayment mortgage** and a payment of interest on the **mortgage debt** for the relevant **month**. In these circumstances, **we** will calculate the **monthly payment** to ensure that the capital is repaid over the **term** for the part that is a **repayment mortgage**.
- 11.8 For the purpose of calculating the **monthly payment** **we** may assume that each **month** is an equal 12th part of the year.

## 12. Changes to the payment day

- 12.1 **We** may change the **payment day** at any time for any of the following reasons:
- to accommodate changes in technology or to **our** systems;
  - to reflect the timing of when **we** pay money **we** owe to third parties;
  - to allow **us** to meet **our** reasonable needs for the development of **our** business.
- 12.2 **We** will tell **you** of a change made under Condition 12.1 in one of the ways set out in Condition 27. The notice will be given a reasonable time before the change takes effect and this will be at least 30 days.
- 12.3 **You** can change the **payment day** if **we** agree. **We** will act reasonably in considering any such request and tell **you** about the change in one of the ways set out in Condition 27.

## 13. Changes to the monthly payment or the term

- 13.1 The amount of the **monthly payment** and the **term** are set out in the **offer**. **We** may (subject to condition 13.2) change the amount of **monthly payment** from time to time for the following reasons:
- changes to the **interest rate**;
  - changes to the **mortgage debt** (including any new amounts which **we** lend **you**, underpayments, overpayments and **expenses** applied to the **mortgage account**);
  - mutually agreed changes to the **monthly payments** or the **term**;
  - changes to make sure that the **mortgage debt** is fully repaid with interest by the end of the **term**;
  - changes to or from an **interest only or part interest only mortgage**;
  - the withdrawal or granting of any concession; or
  - any other circumstances which **we** reasonably consider to be relevant, having notified **you** of those circumstances before the changed **monthly payment** becomes due.
- 13.2 **We** will not change the **monthly payment** to reflect the amount of any missed payments without **your** agreement to this (but **we** may do so to reflect **expenses** for missing payments and **interest** on those missed **expenses**). Please note that where **you** miss payments and incur extra **interest** and **expenses** which are not recovered through the **monthly payments** this will leave **you** with a balance on expiry of the **term** which **you** will have to pay and may result in **your** paying more interest in total.
- 13.3 If **we** work out the amount of a new **monthly payment**, **we** will still be entitled to demand immediate payment of any arrears of **monthly payments** and other money which **you** owe at the time of the recalculation. The recalculation will not mean that **we** are agreeing not to take any action which **we** could take under the **mortgage**.
- 13.4 **We** will tell **you** of any changes to the **monthly payment** in one of the ways set out in Condition 27. **We** will give **you** at least 10 **business days'** notice of any change.
- 13.5 **We** may only change the **term** by mutual agreement. **We** will tell **you** of any changes to the **term** in one of the ways set out in Condition 27.

## 14. Early repayment

- 14.1 **You** may repay all of the **mortgage debt** at any time before the end of the **term**. The **offer** sets out whether any **early repayment charge** will be payable.

14.2 **You** may make partial early repayments and/or overpayments in accordance with the **offer**. The **offer** sets out whether any **early repayment** charges will be payable.

## 15. Application of payments

15.1 **We** can apply any payment made by **you** which is less than the full amount due against any part of the **mortgage debt** which **we** reasonably decide (subject to any legal or regulatory requirements). **Our** current policy is to apply:

- Firstly to interest;
- Secondly to unpaid fees and charges;
- Thirdly to capital,

but this may change in accordance with **our** reasonable requirements.

## 16. Expenses

16.1 **You** must pay all **expenses** that **we**, or any professional advisors appointed by **us**, incur in connection with the **mortgage** in full when **we** ask for them.

16.2 If **we** charge **expenses** to the **mortgage account** they will form part of the **mortgage debt** and will bear **interest** at the **interest rate** from the start of the next **month** until the date when they are paid.

16.3 **We** will seek to give **you** prior notice of **expenses** to give **you** a reasonable opportunity to pay them first before they incur interest.

16.4 A copy of the current **tariff** will be provided with the **offer**. **You** may also obtain a free copy of the **tariff** at any time on request. **We** will also send **you** a copy of the **tariff** on an annual basis and if there have been any changes to it.

16.5 **We** may change any of the fees shown in the **tariff** or any **tariff** which replaces it, to reflect, in a proportionate manner, changes **we** reasonably incur or reasonably anticipate incurring in **our** administrative costs and charges for doing work or providing services (including without limit costs resulting from changes in law, regulation, decisions of courts or an Ombudsman, reasonable changes in **our** systems or those of a **transferee**, and reasonable changes in costs **we** pay to third parties).

16.6 **We** may add new fees to the **tariff** to reflect reasonable and appropriate changes in the nature of the services **we** provide.

## 17. Insurance

17.1 The **property** and its fixtures must be insured at **your** expense from **completion** throughout the **term** against all loss and damage and covering such risks as **we** reasonably require. The insurance must be maintained in accordance with the **offer** either:

- (a) by **you**; or
- (b) by a landlord or other party, if the property is leasehold.

17.2 Where **you**, or a landlord or other party, insures the **property**, **you** must ensure that cover is maintained throughout the **term** and that:

- (a) all premiums are fully paid when due;
- (b) the minimum amount of cover is the reinstatement value of the **property**;
- (c) **we** are provided with details of the insurance, together with evidence satisfactory to **us** that it is in full force and effect whenever **we** request;
- (d) **we** are notified by **you** if **you** change the insurance in any way which would reduce its cover or adversely affect **your** ability to comply with this Condition 17.

17.3 The policy terms and insurer must be approved by **us** where required and hold all authorisations required by law.

17.4 If **we** reasonably believe the insurance policy is not adequate **you** must put in place insurance cover that satisfies **our** requirements.

17.5 **We** are not under any obligation to check or verify the adequacy of any insurance cover referred to in this Condition 17 or relating to the **property**.

17.6 **You** must notify **us** promptly of any damage that may give rise to a claim under the insurance and hold any money **you** receive on trust for **us**.

17.7 Subject to the terms of any insurance policy, any sums payable under the insurance will be used as **we** reasonably decide after consulting with **you**:

- (a) to make good the loss or damage to the **property** in respect of which the money is payable; or
- (b) to reduce or repay the **mortgage debt**.

17.8 **You** grant **us** full power to settle and adjust claims under the insurance with the insurer.

- 17.9 Where **you** fail to take out or maintain insurance in accordance with this Condition 17 **we** may arrange insurance and pay any premiums and other costs, which for the avoidance of doubt will be **expenses** for which **you** will be liable.
- 17.10 If **we** arrange insurance in accordance with Condition 17.9, you will be liable for our costs and expenses in doing so. If **we** receive any benefit or remuneration for arranging this insurance, **we** will credit this against the costs and expenses you owe **us**.
- 17.11 If **we** have the right to insure the **property** under Condition 17.9 but cannot find an insurer who will insure it on acceptable terms, **we** may instead take out a policy to cover **us** against the risk of **our** suffering loss because the **property** is uninsured, which for the avoidance of doubt, will be **expenses** for which **you** will be liable.

## 18. Your duties in respect of the property

18.1 **You** agree that **you** will:

- (a) keep the **property** in good repair and condition (and put it into good repair and condition if it is not in such condition at any time);
- (b) keep all the utilities and any testing systems on the **property** in good working order;
- (c) allow **us** and any of our representatives to enter the **property** on reasonable prior notice:
  - to inspect it;
  - to carry out work which **we** have requested **you** to do and which **you** have failed to do within a reasonable time;
- (d) upon receipt of any notices relating to the **property**):
  - send **us** a copy;
  - keep to the requirements of the notice, and **our** reasonable requirements about the notice, within a reasonable time;
- (e) keep to all restrictions, covenants and laws which affect the **property** or its use;
- (f) pay all taxes, rates, charges and other money payable for the **property** on time and produce the receipts to **us** if **we** ask **you** to;
- (g) not carry on (nor allow to be carried on) any trade or business at the **property** without **our** consent;
- (h) if the **property** is leasehold:
  - comply in full with **your** duties under the lease;
  - send **us** promptly a copy of any notice which **you** give under the leasehold reform legislation;
  - inform **us** promptly of any proposal to convert the leasehold title to commonhold;
  - (if the term of the lease of the **property** is extended or if **you** acquire the freehold of the **property**) sign a new **mortgage deed or standard security**, incorporating these **mortgage conditions**, giving **us** a legal charge or **standard security** over the extended term or the freehold interest promptly if **we** ask **you** to.

18.2 **You** agree not to do any of the following without obtaining **our** prior written consent:

- (a) develop, undertake construction works, apply for any planning permission, materially alter the structure of the **property** (or add anything to it or demolish all or any part of the **property**) or change its use, unless **you** are doing so in compliance with the terms set out in the **offer**. Where necessary and where permitted by the **offer**, **you** must also obtain the approval of the local planning authority to any works, development or changes;
- (b) grant or agree to grant any lease, tenancy or licence, or permit any occupation of, the **property** unless **you** are letting the **property** in compliance with the **offer**. Any right **you** have under the **LPA** to grant leases does not apply;
- (c) create or allow to exist any security over the **property** other than the **mortgage or standard security**;
- (d) dispose of share or part with possession of the **property** or any of it (unless **you** are letting the **property** in compliance with the **offer**);
- (e) if the **property** is leasehold, surrender the lease, agree to any changes in its terms or breach any of its terms so as to allow the landlord to forfeit the lease;
- (f) if the **property** is subject to a lease, accept or grant a surrender of that lease or agree to change any of its terms;
- (g) allow the **property** to be vacant for more than one **month** unless **you** are letting the **property** in compliance with the **offer**;
- (h) allow any person other than **you** to be registered as the proprietor of the **property**;
- (i) knowingly cause or allow the **property** to become contaminated land under any environmental law; nor
- (j) negotiate, settle or waive any claim for loss, damage or compulsory purchase in respect of the **property**.

18.3 Where **our** consent is required to anything set out in this Condition 19, **we** may charge a fee as described in the **tariff** for considering **your** request for consent, whether or not **we** give consent.

18.4 **You** will bear the cost of complying with **your** obligations under these **mortgage conditions**. If **you** do not keep to these **mortgage conditions**, **we** can do anything which **you** should have done under those **mortgage conditions** on **your** behalf. If **we** do **you** will be responsible for any **expenses we** incur.

**19. Events on which the mortgage debt becomes payable (if you have a buy to let mortgage, this Condition 19 is replaced by Condition 40)**

19.1 **We** will have the power to sell the **property** given to **us** by Section 101 of the **LPA** (or, if the **property** is located in Scotland, arising under the Conveyancing and Feudal Reform (Scotland) Act 1970). This power will be available to **us** from the date of the **mortgage deed** or **standard security** (as applicable) but **we** will only use it as set out in Conditions 19.2 - 19.4 below.

19.2 If any of the following happens, **we** may require **you** to repay the **mortgage debt** at once:

- (a) **you** fail to make any two or more **monthly payments** (whether consecutive or not) in full when due;
- (b) **you** fail to pay any other amount which **you** owe in respect of the **mortgage debt** within two **months** of it becoming due;
- (c) **you** breach any of **your** other responsibilities to **us** under the **mortgage** in a manner which has or is likely to have in material adverse effect on **us** or **our** security;
- (d) a bankruptcy and/or sequestration or other insolvency related order is made against any of **you** or any of **you** applies for an interim order or enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent to any circumstance referred to in this paragraph (d) occurs in any other jurisdiction (including Scotland);
- (e) any expropriation, attachment, sequestration, distress or execution or anything equivalent affects **you** or any of **your** assets; or if **you** are unable or admit **you** are unable to pay **your** debts as they fall due or are deemed to, or declared to, be unable to pay **your** debts as they fall due; or **you** suspend or threaten to suspend making payments of any of **your** debts; or by reason of actual or anticipated financial difficulties, **you** commence negotiations with one or more of **your** creditors with a view to rescheduling any of **your** debts; or the value of **your** assets is less than **your** liabilities (taking into account contingent and prospective liabilities); or a moratorium is declared in respect of any of **your** debts; or any corporate action, legal proceedings or other formal procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement, or otherwise) of **you**;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of **you**;
  - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of **you** or any of **your** assets; or
  - (iv) enforcement of any mortgage, standard security, charge or other security over any assets of **you** (or anything equivalent to anything referred to in this paragraph (e) happens in any other jurisdiction including Scotland);
- (f) if a mortgagee or other person interested in the **property** or any of them takes proceedings for possession or to realise their interest in them or otherwise to enforce their interest;
- (g) if (i) the last surviving **borrower** or (ii) any **guarantor** dies;
- (h) the **property** is sold, abandoned or compulsorily purchased;
- (i) the **property** or any part of it is damaged and in **our** opinion or that of **our** agents, the value of **our** security is reduced;
- (j) **we** become aware of any misrepresentation in or omission from any information supplied to **us** about **you**, or the **property** and that misrepresentation or omission has or would have had a material effect on **our** decision to make the **loan**;
- (k) **we** have good reason to believe **you** have been engaged in fraud or serious criminal activity whether or not a criminal conviction has occurred; or
- (l) any other event occurs which **you** have agreed in writing with **us** makes the security enforceable;  
and for the avoidance of doubt in the foregoing events “**you**” includes any **borrower**.

19.3 This Condition 19.3 does not apply if the **property** is located in Scotland insofar as it relates to an LPA. If any of the events set out in Condition 19.2 above has occurred and **we** demand repayment of the **mortgage debt**, **we** may do any of the following things:

- (a) require **you** to leave the **property** so that **we** may take possession of the **property** or, if the **property** is let, collect the rent;
- (b) sell, agree to sell, or grant an option over the **property** and any other security for the **mortgage debt** on any terms **we** reasonably decide, using the power of sale conferred by the **LPA** as varied by these **mortgage conditions**. The restrictions on the power of sale in Section 103 of the **LPA** will not apply;
- (c) appoint a receiver as described in Condition 20;
- (d) exercise all the other powers conferred on mortgagees by the **LPA**;
- (e) vary, end, renew or accept surrenders of leases or tenancies of the **property**;

- with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;
  - with any rights relating to other parts of the **property**;
  - containing any covenants on the part of **us** or anyone else;
  - generally on terms which **we** think fit;
- (f) make any arrangements or compromises about any lease of the **property**, any other security for the **mortgage debt**, any covenants, conditions or restrictions relating to the **property** or anything else;
- (g) grant or agree to grant a lease or tenancy of the whole or any part of the **property**. The restrictions on granting leases in Section 99 of the **LPA** will not apply;
- (h) carry out repairs, improvements, alterations or additions to the **property**;
- (i) apply for any planning and other consents;
- (j) as **your** agent (and at **your** cost), remove, store, sell, rent or in any other way deal with any of **your** furniture or goods or those of any other person staying in the **property** after **we** have given written notice to **you** requiring them to be removed. The proceeds of sale of these goods will belong to **you**. **We** will not be responsible for any loss or damage caused by exercising this power unless **we** failed to take reasonable care in dealing with the furniture or goods.
- 19.4 **We** will only exercise the powers referred to in Condition 19.3 (e) to (j) where it is reasonable to do so to protect **our** security or obtain a more favourable disposal of the **property**.
- 19.5 No purchaser who acquires an interest in the **property** is obliged to see whether Condition 20 has been complied with.

## **20. Appointment of receivers** (this Condition 20 does not apply if the **property** is located in Scotland)

- 20.1 As described in Condition 19.3 (c) **we** may appoint in writing one or more people to be receivers of all or part of the **property**. These people may or may not be officers or employees of **ours**. The restrictions contained in Section 109 of the **LPA** will not apply to us.
- 20.2 Where **we** appoint more than one receiver they may be given power to act either together or on their own.
- 20.3 **We** may from time to time agree the charges of any receiver and may remove a receiver and appoint someone else.
- 20.4 A receiver shall (so far as the law allows) be **your** agent. **You** alone will be liable for anything which he does or fails to do and for his charges.
- 20.5 A receiver will have and be entitled to exercise all powers given by the **LPA** to a receiver and all powers given to **us** by these **mortgage conditions**. The receiver shall also be entitled to exercise in relation to the **property** and any other security for the **secured amounts** all the powers of an absolute beneficial owner and the following further powers to:
- (a) enter and take legal possession of the **property**;
  - (b) manage the **property**, provide goods and services for any tenants and decorate or furnish it;
  - (c) make any change or arrangements as to boundaries of the **property** with any adjoining owners or neighbours;
  - (d) sell the **property** and any of its fixtures subject to such exceptions reservations and conditions as may be considered necessary or expedient;
  - (e) in connection with any leasehold **property**, agree to change the terms of the lease, or surrender it, and/or arrange a new lease. If the receiver agrees to a new lease, **our** security will automatically transfer to the new lease and the receiver may arrange whatever formal legal charge on it **we** require;
  - (f) let the property or vary the terms of any existing letting;
  - (g) carry out repairs, maintenance, improvements or alterations;
  - (h) arrange any kind of insurance;
  - (i) appoint, employ, pay and dismiss staff, contractors and agents;
  - (j) insure the **property** in such amounts and against such risks and through such agency as he shall think fit;
  - (k) exercise all power and authority as **we** shall think fit to confer and so that **we** may confer any powers and authorities which **we** could give if **we** were the absolute owner of the **property**;
  - (l) remove store sell preserve or otherwise dispose of any furniture or goods which **you** fail to remove;
  - (m) do anything else the law allows in connection with the **property**;
  - (n) pay any interest, costs or fees;
  - (o) take any proceedings in **your** name or otherwise as may seem expedient;
  - (p) generally manage the **property** and do anything else (whether similar or not to any of the foregoing) which may be reasonably considered to be incidental or conducive to any of the matters or powers aforesaid and which a receiver may lawfully do as **your** agent.

- 20.6 Any money received by the receiver in the exercise of his powers under the **mortgage** and under general law shall be (so far as the law allows) applied by him in the following order:
- (a) firstly, in payment of the costs, charges and expenses relating to his appointment and the exercise of all or any of his powers;
  - (b) secondly, in payment of his remuneration;
  - (c) thirdly, in payment to **us** of the **secured amounts**, and any balance after this shall be paid to the person entitled to it.

## 21. Management companies and shared ownership leases

- 21.1 If **you** hold a share in a management or residents' company or similar association because of **your** interest in the **property**, **you** will if required by **us** grant security over that share in such form as **we** require and promptly deposit any share certificate with **us** together with a signed share transfer form with the name of the **transferee** left blank.
- 21.2 **We** will be entitled to do any of the following things on **your** behalf:
- (a) transfer the share to any person to whom **we** have sold the **property** under **our** power of sale and receive any consideration for that transfer;
  - (b) exercise any voting rights if we have taken possession of the **property**.

## 22. Further assurance

- 22.1 **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 **secured amounts**;
  - (b) help the exercise or the proposed exercise by **us** of any of **our** powers under the mortgage or **standard security**; and
  - (c) protect, manage or sell the **property** or any other security for the repayment of the **secured amounts**.

## 23. Power of attorney

- 23.1 **You** appoint **us** and any receiver appointed by **us** to be **your** attorney for the purpose of doing anything that **you** are obliged to do, but have not done, under or in connection with the **mortgage or standard security**. As attorney **we** and any receiver appointed by **us** will be legally entitled to do things on **your** behalf and the attorney's acts will bind **you** as though **you** had done them.
- 23.2 Under the power of attorney, **we** may execute any document or do anything which **you** are required to do under these **mortgage conditions**.
- 23.3 **We** will be entitled to delegate **our** power of attorney to third parties where this is reasonable in order to help the exercise of **our** powers.
- 23.4 **We** will not be liable for anything which is done under the power of attorney unless **we** have not used reasonable care in exercising the power.
- 23.5 **You** may not revoke this power of attorney until the **secured amounts** have been fully repaid.

## 24. Set-off and consolidation of accounts

- 24.1 Subject to any FCA conduct of business requirements applicable to an account held with **us** **we** can (i) combine or consolidate all or any liabilities and accounts **you** have at the time with or to **us** and (ii) where **you** have any account with **us** which is in credit **we** can set-off or transfer any credit balance on any one or more of such accounts and/or apply any other amounts due and payable from **us** to **you** towards repayment of such of the **secured amounts** as are due and payable. **We** are not obliged to give **you** prior notice before exercising any of these rights but **we** will give **you** notice once **we** have done so.

## 25. Our power to transfer

- 25.1 **We** can make a **transfer** of all or any of **our** rights (and if the relevant document is governed by Scots law, obligations) under the **mortgage** at any time.
- 25.2 If **we** make a **transfer** of **our** rights (and, if the relevant document is governed by Scots law, obligations) under the **mortgage or standard security**, the **transferee** can exercise **our** rights and enforce **your** duties and perform **your** obligations to the same extent as **we** could before the **transfer**. Any **transfer** will not reduce **your** guarantees or rights.
- 25.3 **You** have consented to **transfers** in **your application documentation** and in these **mortgage conditions** and **we** can make a **transfer** of **our** rights and obligations without any further consent from **you**.
- 25.4 **We** may provide any actual or potential **transferee** or any **rating agency** or any advisors of the foregoing, any information about **you**, the **mortgage**, the **property** and any other security held by **us** or the conduct of the **mortgage account**.

25.5 **You** must not **transfer** all or any of **your** rights and obligations under the **mortgage** at any time without **our** prior consent.

## 26. Notices

26.1 If these **mortgage conditions** require notice to be given by **us** to **you**, this will be given in one or more of the following ways:

- (a) by first or second class post addressed to **you** at the **property** or such other correspondence address within the United Kingdom which **you** have notified **us**;
- (b) by email, to the latest current email address **we** hold for **you**;
- (c) by any other method which is available by law.

26.2 Anything sent by post will be deemed to have been received by **you** by noon on the **business day** after it is posted (in the case of first class post) or the second **business day** (in the case of second class post), even if it never arrives or is returned undelivered and notwithstanding the death or dissolution of the addressees. Anything sent to **you** by email will be deemed to have been received and read by **you** upon **completion** of successful transmission.

26.3 If there is more than one of **you**, a notice addressed to just one of **you** will count as a notice to all of **you**, except where **we** have agreed addresses for correspondence with one or more of **you**, in which case **we** will send an additional notice to that address.

26.4 **We** will only communicate with **you** in English.

26.5 Any communication to **us** must be in writing in English and delivered either:

- (a) personally or by first or second class post addressed to **our** address in the **offer** or to any other address **we** may from time to time notify to **you** for this purpose;
- (b) by email to the relevant email address detailed on our website;
- (c) and in any case will not be effective unless **we** have actually received it.

## 27. Mistakes

27.1 If **we** miscalculate the amount payable by **you** to **us** or make any other mistake about the **mortgage** this will not affect any of **our** rights, including **our** ability to claim the correct amount from **you** either before or after the **mortgage** has been released, with interest at the **interest rate** until repayment.

27.2 A receipt or letter saying the **mortgage** has been repaid in full will not prevent **you** from being personally liable if it is later found out that the amount of the **mortgage debt** was understated by mistake.

27.3 This Condition 27 does not affect any legal rights which **you** have as a result of the **mortgage debt** being understated.

## 28. Changes

28.1 As well as **our** other rights under the **mortgage** to change **interest rates** (Condition 10), **our tariff** (Condition 16), **your monthly payment** and/or **term** (Condition 13), **your payment day** (Condition 11), or how interest is charged (Condition 9.6 and 9.7), **we** may vary any of these **mortgage conditions** or the terms of the **offer** at any time if such change is not prejudicial to **you** and is required (i) to correct errors; (ii) to make them easier to understand.. **We** will give **you** at least 30 days' notice of such change in accordance with Condition 26.

28.2 **We** may make changes to comply with legal or regulatory requirements at any time without prior notice. **We** will, however, inform you of the change as soon as we reasonably can.

## 29. Waiver

29.1 If **we** decide to waive any of these **mortgage conditions**, or not to enforce any of **our** rights, this will not affect **our** rights or powers in any way.

29.2 If **you** breach any of these **mortgage conditions** and **we** agree to take no action, **we** will still be able to take action if **you** breach any of these **mortgage conditions** in the future.

## 30. Severance

30.1 Each term in these **mortgage conditions**, or part of them, is separate from the others. If **we** cannot legally enforce any particular term (or part of a term) this will not stop **us** from enforcing the other terms (or the remainder of the term).

## 31. Third parties

31.1 No one other than a receiver will have any rights under the **mortgage** under the Contracts (Rights of Third Parties) Act 1999 and/or the Contract (Third Party Rights Scotland) Act 2017 (as applicable).



## 32. Personal data

32.1 We will use any information you provide to us, or that we obtain or generate relating to you in connection with our dealings with you in accordance with the consent you have given or as otherwise permitted in law.

## 33. Entire agreement

33.1 The mortgage contains all terms agreed between you and us.

## 34. Law

34.1 Subject to Condition 34.2 below in relation to the mortgage, these mortgage conditions and the offer are governed by English law. You agree that the English courts have exclusive jurisdiction.

34.2 If the property is located in Scotland the mortgage is governed by Scottish law, and the courts of Scotland have jurisdiction over any claim or dispute arising from it.

# Part B: Buy to Let Mortgages

The following mortgage conditions also apply if you have a buy to let mortgage.

## 35. Additional Definitions

In these mortgage conditions certain words and phrases have special meanings which we set out (in bold) below, in addition to those detailed in Condition 1.

35.1 "buy to let mortgage" means a loan which is described as a buy to let mortgage or loan type in the offer.

35.2 "change in ownership" means (i) (where you are a company) a sale, assignment or other disposition (including in any legal or beneficial ownership) of any shares, or issue of new shares, in you or in any holding company of you or any other change in your ultimate legal or beneficial ownership or (ii) (if you are an LLP) there has been a change in your membership or in the ultimate legal and beneficial ownership of your members.

35.3 "consumer" means any natural person acting for purposes outside their trade, business or profession.

35.4 "financial borrowings" means any (i) borrowings or other drawn credit facilities, (ii) liabilities under hire purchase, conditional sale, deferred payment or lease terms the primary purpose of which is to raise finance or to finance the acquisition of the relevant asset, (iii) receivables sold or discounted including debts factored (other than on a non-recourse basis), (iv) any amount raised under any other transaction having the commercial effect of a borrowing or raising of money, and (v) any other binding commitment you give (such as a guarantee and/or indemnity) for any of (i) – (iv).

35.5 "financial covenants" means the obligations described as financial covenants in the offer.

## 36. Revaluations

36.1 Condition 6.4 is deleted and replaced with the following:

36.1.1 We may obtain a valuation of the property at any time. You must give our valuer reasonable access to the property on reasonable notice in order to carry these out. Any valuation that we obtain will be for our benefit only. We may choose to disclose it to you though we are not obliged to do so. If we do, please note that such valuations are subject to the same terms as referred to in Conditions 6.1 and 6.2.

36.1.2 Any valuation will be at your cost (charged in accordance with the current rate in the tariff) unless the following circumstances apply:

- (i) we have already obtained a valuation (ignoring, for the avoidance of doubt, the initial valuation) in the previous 12 month period; and
- (ii) all payments in respect of the secured amounts are and have been fully made when due and you are in full compliance with your obligations under the mortgage; and
- (iii) the valuation we obtain does not show that you are in breach of any financial covenants relating to the value of the property.

In addition, if you have not repaid the secured amounts in full at the end of the term, we can obtain further valuations at your cost.

## 37. Your Accounts, Business and Regular Review (does not apply to consumer buy to let)

37.1 Except where you have a consumer buy to let mortgage, you must:-

- (a) keep full and proper books accounts and records;
- (b) as **we** from time to time reasonably require promptly:
  - (i) give **us** a copy of **your** annual accounts (audited where required by law) as soon as they are available and in any event within 120 days of **your** year-end or (if **you** are not a company or a limited liability partnership), a balance sheet and profit and loss account and trading account certified by **your** accountant showing the true position of **your** affairs in every year;
  - (ii) allow **us**, or **our** agents or professional advisers to undertake an annual review of **your** accounts, **your** business and all aspects of its financial position;
  - (iii) keep **us** fully informed of the state of **your** business and that of **your** subsidiaries if any;
  - (iv) give **us** all such information in relation to **your** respective undertakings assets transactions and affairs such information to be certified as to its accuracy and completeness in such form and by such of **your** officers manager directors employees or agents as **we** may reasonably require;
  - (v) give **us** such other information about **you** as **we** may reasonably require;
  - (vi) give **us** access to conduct a site visit at the **property** or other location **we** deem appropriate with such officers of the business as **we** request are to be present;
  - (vii) give **us** a copy of **your** annual monitoring report where appropriate; and
- (c) participate in any regular (and unscheduled) review meetings **we** reasonably request subject to **us** giving **you** reasonable prior notice; and
- (d) where **you** are a company or LLP notify **us** and obtain **our** prior written consent to any proposed **change in ownership**; and
- (e) comply in full with any "know your customer" or other requirements **we** communicate in respect of anti-money laundering procedures during the **term** and procure that any other person of whom **we** require information in this regard (including without limitation **your** officers or owners (including ultimate beneficial owners)) complies in full with such requirements.

### 38. Your Warranties (does not apply to consumer buy to let)

38.1 Except where **you** have a **consumer buy to let mortgage**, **you** represent and warrant to **us** that:

- (a) all financial statements and information that **you** give **us** fairly represents **your** financial position;
- (b) all other information, reports, papers and data which **you** give or arrange to be given to **us** are accurate and correct in all material respects and are not in any way misleading or incomplete;
- (c) there has been no materially adverse change in **your** assets liabilities or financial condition and **your** subsidiaries or holding companies (where you are a company) from that set out in financial statements most recently given by **you** to **us**;
- (d) the **property** (or any other asset in respect of which **we** hold security) is not subject to any mortgage charge or lien (except a lien arising by operation of law in the ordinary course of business or a mortgage or charge previously disclosed in writing to, and acknowledged in writing by, **us**) in favour of anyone other than **us**;
- (e) there is not to the knowledge of **you** or **your** director secretary or other officer or manager any pending or threatened litigation or any proceedings against **you** the outcome of which might seriously affect the continued operation of **your** business or **your** solvency; and
- (f) if **you** are a body corporate, (i) **you** are validly incorporated and in existence in the jurisdiction of **your** incorporation, (ii) the charge created by the **mortgage deed** or **standard security** and/or any other security for the **mortgage debt** in **our** favour does not contravene any of the provisions of **your** constitutional documents nor any other restrictions in contract or law, (iii) that **you** have obtained all authorisations and approvals required to execute and perform the **mortgage or standard security**, and (iv) that **your** obligations under it are valid binding and enforceable in accordance with their terms.

38.2 The representations and warranties in Condition 4.1 are given on **completion** and repeated on each day during the **term**.

### 39. Events of Default (does not apply to consumer buy to let)

39.1 Except where **you** have a **consumer buy to let mortgage**, Condition 20 is deleted and replaced by the following:

39.2 **We** will have the power to sell the **property** given to **us** by Section 101 of the **LPA** (or, if the **property** is located in Scotland, arising under the Conveyancing and Feudal Reform (Scotland) Act 1970). This power will be available to **us** from the date of the **mortgage deed** or **standard security** (as applicable) but we will only use it as set out in Conditions 5.3 – 5.5 below.

39.3 If any of the following happens, **we** may require **you** to repay the **mortgage debt** at once:

- (a) **you** fail to make any **monthly payment** in full when due;
- (b) **you** fail to pay any other amount which **you** owe in respect of the **mortgage debt** when it falls due;

- (c) any **financial covenant** is breached and not cured within any period to remedy the same which is provided under the relevant **financial covenant** or which (at **our** discretion) **we** choose to allow **you**;
  - (d) **you** breach any of **your** other responsibilities or warranties to **us** under the **mortgage** and the breach either cannot be cured or is not cured within any period to remedy the same which (at **our** discretion) **we** choose to allow **you**;
  - (e) any event of default or similar occurs in relation to any other facilities for **financial borrowings** which any of **you** may have with **us** which entitles **us** to accelerate or demand early repayment of that facility, or if **you** otherwise default on any obligations **you** have to **us** in respect of any liabilities or indebtedness (of any nature) which **you** owe to **us** on any account, or if any equivalent of any of the foregoing occurs in relation to any **financial borrowings** any of **you** have obtained from someone other than **us**;
  - (f) a bankruptcy and/or sequestration or other insolvency related order is made against any of **you** or any of **you** applies for an interim order or enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent to any circumstance referred to in this paragraph (f) occurs in any other jurisdiction (including Scotland);
  - (g) any expropriation, attachment, sequestration, distress or execution or anything equivalent affects **you** or any of **your** assets; or if **you** are unable or admit **you** are unable to pay **your** debts as they fall due or are deemed to, or declared to, be unable to pay **your** debts as they fall due; or **you** suspend or threaten to suspend making payments of any of **your** debts; or by reason of actual or anticipated financial difficulties, **you** commence negotiations with one or more of **your** creditors with a view to rescheduling any of **your** debts; or the value of **your** assets is less than **your** liabilities (taking into account contingent and prospective liabilities); or a moratorium is declared in respect of any of **your** debts; or any corporate action, legal proceedings or other formal procedure or step is taken in relation to:
    - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement, or otherwise) of **you**;
    - (ii) a composition, compromise, assignment or arrangement with any creditor of **you**;
    - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of **you** or any of **your** assets; or
    - (iv) enforcement of any mortgage, standard security, charge or other security over any assets of **you**,
 (or anything equivalent to anything referred to in this Condition 5.3 (g) happens in any other jurisdiction including Scotland);
  - (h) if a mortgagee or other person interested in the **property** or any of them takes proceedings for possession or to realise their interest in them or otherwise to enforce their interest;
  - (i) if any change in **your** circumstances occurs which **we** reasonably believe might adversely affect **your** ability to perform **your** obligations to **us**;
  - (j) if (i) the last surviving **borrower** or (ii) any **guarantor** dies;
  - (k) the **property** is sold, abandoned or compulsorily purchased;
  - (l) the **property** or any part of it is damaged and as a result and in **our** opinion or that of **our** agents, the value of **our** security is reduced;
  - (m) **we** become aware of any misrepresentation in or omission from any information supplied to **us** about **you**, or the **property** and that misrepresentation or omission has or would have had a material effect on **our** decision to make the **loan**; or
  - (n) **we** consider at **our** absolute discretion that there has been a material deterioration in **your** position as against that which **we** have used at any time to assess **your** ability to make the **monthly payments** (and any final capital repayment to the extent **you** have an **interest only** or **part interest only mortgage**) when due in accordance with the **mortgage**. For this purpose **we** can apply such sensitivities as to variations in the **interest rate** as **we**, consider appropriate acting as a prudent lender. Should these circumstances arise, **we** may (if **we** consider it appropriate acting as a prudent lender to allow **you** to do so) require **you** to make a capital reduction of part of the **mortgage debt** before a date **we** notify **you** in order to ensure that **your** ability to make future **monthly payments** (and any final capital repayment) when due is satisfactory - in which case **you** will only be obliged to repay the **secured amounts** in consequence of this paragraph (n) above when the time for making such payment has elapsed without **you** doing so;
  - (o) any of the events in (d),(e),(f), (g) or (h) of this Condition 5.3 occurs in relation to any subsidiary or holding company of any of **you** (or any other subsidiary of such a holding company) as if they were named in place of **you**,
  - (p) a **change in ownership** occurs without **our** prior written consent;
  - (q) **we** have good reason to believe **you** (or if **you** are a company or LLP **your** officers, directors, partners or shareholders) have been engaged in fraud or serious criminal activity whether or not a criminal conviction has occurred;
  - (r) any other event occurs which **you** have agreed in writing with **us** makes the security enforceable;
- and for the avoidance of doubt in the foregoing events "**you**" includes any **borrower**.

**We** may also convert all or any part of the **loan** from an **interest only mortgage** into a **repayment mortgage** if one or more of the events in Condition 5.3 above has occurred **we** may do this regardless of whether or not **we** have demanded repayment in full of the **mortgage debt**.

- 39.4 This Condition 39.4 does not apply if the **property** is located in Scotland insofar as it relates to an LPA. If any of the events set out in Condition 39.3 above has occurred and **we** demand repayment of the **mortgage debt**, **we** may do any of the following things:
- (a) require **you** to leave the **property** so that **we** may take possession of the **property** or, if the **property** is let, collect the rent;
  - (b) sell, agree to sell, or grant an option over the **property** and any other security for the **mortgage debt** on any terms **we** reasonably decide, using the power of sale conferred by the **LPA** as varied by these **mortgage conditions**. The restrictions on the power of sale in Section 103 of the **LPA** will not apply;
  - (c) appoint a receiver as described in Condition 20;
  - (d) exercise all the other powers conferred on mortgagees by the **LPA**;
  - (e) vary, end, renew or accept surrenders of leases or tenancies of the **property**:
    - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;
    - with any rights relating to other parts of the **property**;
    - containing any covenants on the part of **us** or anyone else;
    - generally on terms which **we** think fit;
  - (f) make any arrangements or compromises about any lease of the **property**, any other security for the **mortgage debt**, any covenants, conditions or restrictions relating to the **property** or anything else;
  - (g) grant or agree to grant a lease or tenancy of the whole or any part of the **property** (and the restrictions on granting leases in Section 99 of the **LPA** do not apply to **us**);
  - (h) carry out repairs, improvements, alterations or additions to the **property**;
  - (i) apply for any planning and other consents;
  - (j) as **your** agent (and at **your** cost), remove, store, sell, rent or in any other way deal with any of **your** furniture or goods or those of any other person staying in the **property** after **we** have given written notice to **you** requiring them to be removed. The proceeds of sale of these goods will belong to **you** (unless **you** are a limited company in which case they will be subject to any rights **we** have under any **security document** which grants **us** security over such goods). **We** will not be responsible for any loss or damage caused by exercising this power unless **we** failed to take reasonable care in dealing with the furniture or goods.
- 39.5 **We** will only exercise the powers referred to in Condition 39.4 (e) to (j) where it is reasonable to do so to protect **our** security or obtain a more favourable disposal of the **property**.
- 39.6 No purchaser who acquires an interest in the property is obliged to see whether Condition 21 has been complied with.

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YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS**