

# RELIANCE BANK LIMITED MORTGAGE TERMS AND CONDITIONS (4<sup>th</sup> February 2020)

## Useful information

### Office opening hours:

Monday – Friday 8.30am – 4.15 pm

Wednesday 10.00am – 4.15pm

## Telephone numbers

Reliance Bank Limited Office

-

020 7398 5400

## Lost or stolen Reliance Bank Visa debit cards

Customer services during office hours

+44 (0) 20 7398 5400

Lost and Stolen telephone help line number

+44 (0) 20 7929 1344

Email. [info@reliancebankltd.com](mailto:info@reliancebankltd.com)



## **Personal Mortgage Terms and Conditions**

These Product Terms must be read in conjunction with our Personal Terms and Conditions which govern how we provide our services to you, these Product Terms add product-specific terms that you must also be aware of.

You should read these Product Terms carefully and retain a copy for future reference. We can provide you with additional or up-to-date copies of these conditions if you ask us or, alternatively, these conditions are also available on our website <http://www.reliancebankltd.com/LoansMortgages/Mortgages.asp>

### **Section 1: General Information - Reliance Bank Limited Regulated and Unregulated Mortgages**

#### **INTRODUCTION**

##### **1. Terms and Conditions**

Our Personal Terms and Conditions and these **Conditions** (also defined as Product Terms in our Personal Terms and Conditions) comprise the agreement between us and you concerning your application for a Mortgage with us. They should be read in conjunction with your Offer.

We reserve the right to change these Conditions and the banking practices and charges relating to it at our discretion and at any time subject to the Mortgage Product details in your Offer.

If you have any queries about them, please ask us or your solicitor or conveyancer.

It is important that you read the Conditions carefully. The following is a very brief summary of what the Conditions cover. It is not a substitute for reading the Conditions in full.

Condition 1 sets out the meanings of certain words and phrases and other things to bear in mind when you read the Conditions.

Conditions 2, 3, 4 and 5 set out your payment obligations, including the need to make monthly payments and to pay off the Mortgage by the end of the Mortgage Term.

Conditions 6, 7 and 8 explain how we calculate Interest and when and how we can change the rate of Interest applying to your loan.

Condition 9 sets out how we can change the Monthly Payment.

Conditions 10 and 11 explain what can happen if you move house, or sell part of the Property

Condition 12 sets out how we will consolidate your mortgage

Condition 13 explains what happens if you cannot make your mortgage payments

Condition 14 sets out the circumstances in which we can require you to repay the Mortgage immediately: for example, if you do not do the things you have agreed to do.

Condition 15 deals with rights in respect of the Property and the powers of attorney which you give us as part of our security.



Condition 16 sets out our rights and remedies if you do not comply with your obligations: for example, we can repossess the Property and sell it, or appoint a receiver.

Condition 17 says that you must not let the Property, part with possession of it or take out any other mortgage over it, unless we say that you can.

Condition 18 explains what the Mortgage covers and how you can repay it. You should note that early repayment charges may apply – please check your Offer or ask us.

Condition 19 deals with our insurance requirements.

Condition 20 sets out what to do if the Property is a leasehold property

Condition 21 has details of the Fees and Expenses you may have to pay.

Condition 22 says that if there is more than one of you, each of you is liable for all the obligations under the Mortgage, not just a part or proportion of them.

Condition 23 requires you to let us hold any management company or residents' society certificates

Condition 24 applies if you have a shared ownership lease.

Condition 25 deals with repairing and other obligations in respect of the Property and the Offer.

Conditions 26 to 31 deal with certain other matters, including how we give you notices, the law and language that apply, our right to transfer the Mortgage and when and how we can change the Conditions.

**You should keep these Conditions in a safe place in case you want to refer to them in the future.**

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

**Section 2: our Mortgage Conditions – you must read through these and make sure you understand them before you accept your mortgage offer as they form part of the legal agreement between us. Please speak with your legal advisor to ensure that you understand all of our Conditions before accepting any mortgage offer that we make you.**

**RELIANCE BANK LIMITED  
MORTGAGE CONDITIONS 2020 (ENGLAND AND WALES) – THE “CONDITIONS”**

The definitions in our Personal Terms and Conditions apply to our banking practices and, in addition to these, the following definitions are used within Conditions and these relate to our Mortgage Products and Services.

**1 Interpretation**

1.1 In these Conditions, the following words and phrases have the meanings set out below when they appear with a Capitalised first letter. When you come across a word with a Capitalised first letter when reading these Conditions this will remind you to look here for the meaning of them.



If there are other terms that you do not understand, your solicitor or conveyancer should always be pleased to help you:

- (a) “Account” means the United Kingdom personal bank account that you told us to collect the Monthly Payment from;
- (b) “Additional Secured Borrowing” means any further money we lend to you that is intended to be secured by the Mortgage;
- (c) “Advance” means the original amount we have agreed to lend to you and which is secured by the Mortgage;
- (d) “Agreement” means your Offer, these Conditions, our tariff of charges and the mortgage deed taken together;
- (e) the “Borrower”, “you” and “your” means the person or persons named as Borrower in the Mortgage and includes your legal representatives should you die, become insolvent or unable to manage your affairs. If there is more than one of you, references to the Borrower or to you means all of you together and each of you separately;
- (f) “Capital” means the amount we are lending you through the Initial Advance and any Additional Secured Borrowing that is not yet repaid, Interest plus fees and expenses that have been added in line with the Agreement;
- (g) “Expenses” means all costs and expenses (legal or otherwise) which we reasonably and properly incur in connection with the following:
  - (i) the costs of any legal proceedings relating to the Mortgage or the valuation of the Property (whether brought by or against you or any other person);
  - (ii) the costs and expenses we incur in:
    - (A) the exercise of any of our powers under the general law or these Conditions;
    - (B) the recovery of any money secured by the Mortgage; and/or
    - (C) the protection or preservation of our security;
- (h) “Fee” or “Fees” means the fees we charge under Condition 21;
- (i) “Guarantor” is any person who has agreed to guarantee your responsibilities under the Mortgage, should you fail to carry them out;
- (j) “Home Mortgage Variable Rate” means our standard variable rate of Interest. We set our Home Mortgage Variable Rate by taking into account a number of factors including the Reliance Bank Limited Base Rate and the Bank of England’s official bank rate. The Home Mortgage Variable Rate can be increased or decreased at any time, which would affect the Interest rate on your Mortgage and either increase or decrease your Monthly Payments. It will not necessarily rise or fall in line with movements in the Reliance Bank Limited Base Rate and Bank of England’s official bank rate;
- (k) “Key Facts Illustration” means the personalised illustration of the features, Interest, Fees and Expenses of your Mortgage that we send to you prior to your application;
- (l) “Interest Rate” means, in relation to any amount, the rate of Interest we charge from time to time under Conditions 6, 7 and 8 and “Interest” shall be interpreted accordingly;
- (m) “Initial Advance” means the money that we have lent to you at the outset as set out in the Offer and secured under the Mortgage Deed;
- (n) “Loan” means each amount advanced to you as set out in an Offer;



- (o) “Loan to Value” means the amount of the Mortgage in relation to the overall value of the Property in percentage terms which must meet our requirements in relation to there being sufficient equity in the Property to meet our lending policy;
- (p) “Month” means a calendar month;
- (q) “Monthly Payment” means the monthly payment set out in the Offer as varied from time to time under these Conditions;
- (r) “Mortgage” means the money that you owe us under the Agreement that is secured on the Property by way of the Mortgage Deed; this is not restricted to Capital as it will also include any money that you must pay under the Agreement that we have not added to the Capital.
- (s) “Mortgage Deed” means any and each mortgage deed that says these Conditions are incorporated in it and being the written instrument(s) under which we agree to lend you monies to be secured on the Property;
- (t) “Mortgage Term” is the period of time during which you agree to repay the Loan to us and is shown on your Offer. This may only be varied by agreement with us. The Total Debt must be paid by you before or at the end of the Mortgage Term. If you have selected a term that extends beyond your anticipated date of retirement, or if you are already retired, then you must ensure that you have adequate means to repay your Mortgage during retirement;
- (u) “Offer” means any document offering you a Loan or any Additional Secured Borrowing including any conditions contained or referred to in it and any amendments made to it before the Loan or the Additional Secured Borrowing (as the case may be) is advanced. If we have issued more than one Offer in respect of a Loan or Additional Secured Borrowing, “Offer” means the most recent one that we have issued and you have accepted;
- (v) “Payment Day” means the day of the month on which the Monthly Payment is to be paid;
- (w) “Property” means the property charged to us by you under the Mortgage and references to the Property include (unless it would be inappropriate in the context) any part or parts of it;
- (x) “Related Rights” means:
  - (i) any money that might become payable, under any agreement or law, in respect of the Property or any damage or injury to it or depreciation of it; and
  - (ii) the benefit of any other right, option, guarantee, share or indemnity affecting or concerning the Property;
- (y) “Reliance Bank Limited Base Rate” means the rate we typically use which is normally equivalent to the Bank of England’s official bank rate;
- (z) “Repayment Period” means the period specified in the Offer as the term for the Loan, as varied from time to time under these Conditions;
- (aa) “Rules” means our rules in force from time to time including any adopted after the date of the Mortgage;
- (bb) “Security” means the Interest in the property that is given to secure an obligation of any person and in these Conditions refers to our security over the Property that you give us by way of the Mortgage Deed;



- (cc) "Tariff" means our mortgage tariff of fees and charges, a copy of which will be supplied to you with the Mortgage Offer. You can obtain a copy of this at any time by contacting us at any time and we may from time to time make this available on our website;
  - (dd) "Total Debt" means all money outstanding for the time being secured by the Mortgage; and
  - (ee) "us", "we" or "our" means Reliance Bank Limited and includes anyone to whom we may transfer, assign or charge or otherwise dispose of any rights under the Mortgage and anyone who takes over our business.
- 1.2 Any references to a person include reference to a company, masculine expressions include the equivalent feminine expressions, and references to single things include the plural, and (in each case) the other way around.
- 1.3 Any references to an Act of Parliament include any changes to it or re-enactments or replacements of it.
- 1.4 If any provision of these Conditions is found to be invalid, illegal or unenforceable, the remaining Conditions are to be read and interpreted as if that provision had not been included. For the purposes of this Condition, "provision" means a separate condition of a numbered Condition, whether separately lettered or numbered or not.
- 1.5 The headings in these Conditions are for convenience only. They have no legal effect on these Conditions.
- 1.6 If there is any inconsistency between the Mortgage, the Conditions and the Offer, then the following order of priority will apply: the Offer, the Conditions and then the Mortgage.

## **2 Basis of this Agreement and Payments Generally**

- 2.1 This agreement starts when you have executed the Mortgage Deed and we have paid the Initial Advance.
- 2.2 We will not pay the Initial Advance until we are satisfied that all the conditions set out in your Offer have been met.
- 2.3 We may withdraw an Offer in the following circumstances:
- (a) if any information you have provided in relation to the property or your financial circumstances is materially false or inaccurate; or
  - (b) if your financial circumstances change in a way which in our reasonable opinion makes it difficult for you to comply with your obligations under the mortgage documents.
- 2.4 You agree:
- (a) to pay the Monthly Payments on the Collection Day in each Month until the whole of the Loan and any Additional Secured Borrowing and any other amounts due to us under these Conditions have been paid in full;
  - (b) Collection day means the day of the month on which the Monthly payments is to be taken from your designated bank account and then (where applicable) applied to a non-interest earning account in your name pending the Payment being taken on the Payment Date. This is currently the last calendar day of the month
  - (c) to repay the Total Debt by the end of the Repayment Period;



- (d) if we sell the Property and the net proceeds of sale are not sufficient to pay all the sums due to us under the Mortgage and these Conditions, to pay the shortfall to us immediately; and
- (e) to pay Interest at the Interest Rate on any sums due to us from the date such sums become due until the date when you have paid us. This applies both before and after any judgment we may obtain for the payment of money.

2.5 We will use any payments you make to us, or we otherwise recover under the Mortgage, in the following way. First, we will use them towards payment of any arrears of Monthly Payments. Any balance will be used towards the payment of any Interest you owe on the Loan, including Interest charged on any unpaid Fees and Expenses which form part of the Total Debt. Any remaining balance after that will be used to reduce the principal amount of the Loan including any unpaid Fees and Expenses which form part of the Total Debt.

### **3 Monthly Payments**

- 3.1 Monthly payments will be collected on your elected collection date and applied to your mortgage on the last calendar day of the month until you pay off your mortgage in full.
- 3.2 We will collect your monthly payment by Direct Debit from your designated bank account on the Collection date selected and then place these funds into a non-interest earning account in your name until they are applied to your mortgage account on the last day of every month
- 3.3 The way Interest is calculated at the start of your Mortgage may result in your first monthly payment being more or less than the following monthly payments. Before we take the first monthly payment, we'll send you a letter that will tell you the amount of your first and following monthly payments.
- 3.4 You have the option of four Collection dates (7<sup>th</sup>, 13<sup>th</sup>, 19<sup>th</sup> or 26<sup>th</sup> of the month) as your Payment Date. If your Payment Date falls on a weekend or a bank holiday, we'll collect the payment on the first business day after that date.
- 3.5 If you don't make any monthly payment on time, we may charge you a monthly arrears fee. You can find details of our fees in our Tariff of Charges. This will not affect our other rights under the agreement.
- 3.6 You can ask us to change your Payment date at any time. However, if you give us less than ten calendar days' notice, we will not change your Payment Date until after the next monthly payment.
- 3.7 You cannot ask for a change to your Payment Date that will result in you missing a monthly payment. You should also be aware that:
  - (a) Interest may build up during the time we change your Payment Date; and
  - (b) Depending on the date you ask us to treat as your new preferred Payment Date, there may be times when you have to make two payments in one calendar month.



#### **4 Changes to amount of monthly payment**

- 4.1 We may change the amount of your monthly payment in the following circumstances by giving you at least 30 Days' written notice of the change, unless we both agree a shorter period of time:
- (a) If there is a change in our standard variable rate in accordance with Condition 7;
  - (b) To cover Fees or Expenses that we reasonably have to pay plus Interest on these;
  - (c) To reflect any changes agreed between you and us (such as agreeing to a payment holiday or make an overpayment);
  - (d) If we have agreed to Additional Secured Borrowing or you are making an overpayment or repaying your Mortgage early;
  - (e) If we have changed or cancelled any arrangement allowing you to delay paying back your Mortgage or any other amount you owe us where it is reasonable to do so; or
  - (f) If we need to take reasonable action to make sure that all or part of your Mortgage is repaid by the end of the Mortgage Term.

#### **5 Additional Secured Borrowing**

- 5.1 After six months, you may apply for Additional Secured Borrowing and, if our lending policy allows, we may agree.
- 5.2 Our lending policy changes from time to time and may have changed in the time between your Initial Advance and your application for Additional Secured Borrowing. This may mean that we cannot provide you with further borrowing even if you could have successfully applied at the outset.
- 5.3 We will consider your overall affordability including the existing Mortgage when assessing an application for Additional Secured Borrowing.
- 5.4 The Mortgage and any Additional Secured Borrowing will be treated separately and the Additional Secured Borrowing may have its own Product Fee and Interest Rate and we will provide you with a Key Facts Illustration before you accept any offer of Additional Secured Borrowing.

#### **6 Interest**

- 6.1 For the purposes of calculating Interest under the Mortgage we may round up percentages to two decimal places.
- 6.2 Where only part of the Loan or any Additional Secured Borrowing is advanced, we will not charge Interest on the remainder until it is advanced.
- 6.3 Interest will be charged on the daily balance outstanding of the Total Debt and will be debited to your account on the last day of each Month and on the date of redemption. Furthermore, any unpaid Interest debited to your account will itself attract Interest which will be debited to your account in accordance with this Condition.
- 6.4 Interest will accrue from day to day from the date we release the funds for a Loan or Additional Secured Borrowing to you or your legal representative. Interest is to be paid as part of the Monthly Payments.





- 6.5 No part of any payment made by you will be treated as a repayment of the principal amount of a Loan until all Interest due has been paid.

## **7 Rate of Interest and Interest generally**

- 7.1 The Interest Rate that applies to the Loan is set out in the Offer and will apply until that rate is varied in accordance with the terms of Condition 8.
- 7.2 The Interest Rate that applies to any Additional Secured Borrowing will be set out in the Offer relating to that Additional Secured Borrowing and will apply until varied in accordance with the terms of Condition 8.
- 7.3 We'll charge Interest on:
- (a) The Capital; and
  - (b) Any Interest you owe but have not paid on time (whether or not added to the **Capital**);
  - (c) each day at the Interest rate(s) set out in your mortgage offer, as varied from time to time in line with the agreement.
- 7.4 For each period covered by a monthly payment, the daily Interest rate is calculated by reference to the number of days in that period.
- 7.5 For the purposes of calculating Interest, we will not add any money you owe (including **fees** and **expenses**) to the **Capital**, except:
- (a) Any Interest you owe but have not paid by the time your next monthly payment is due; or
  - (b) Any ground rent or service charge legally and properly due and paid by us on your behalf;
  - (c) without your agreement beforehand.
- 7.6 We will agree in advance the day on which we'll pay the Initial Advance (or first instalment of it, if relevant) to you or someone acting for you, like your legal adviser. Interest will be charged from this day.
- 7.7 Unless the Offer says otherwise, we'll add the Interest to your Mortgage on your Payment Date.
- 7.8 We will charge Interest up to and including the date you pay off your Mortgage in full.
- 7.9 Interest will build up both before and after any court judgment awarded in our favour.

## **8 Interest Variation**

- 8.1 **Fixed rate.** Where we have agreed in the Offer a fixed rate of Interest for any period in respect of any Advance we will not vary the Interest Rate for that period without your agreement.
- 8.2 **Discounted or tracker rates.** Where we have agreed in the Offer a rate of Interest which is linked to or tracks an independently set rate (including but not limited to the Bank of England's official bank rate) or the Reliance Bank Limited Base Rate, the Interest Rate will vary in line with changes to that underlying base rate.
- 8.3 **Variable rate.** Unless the Offer states that a fixed, discounted or tracker rate of Interest applies for any period in respect of any Advance, we may change the rate of Interest payable on the Loan or on any Additional Secured Borrowing for any of the reasons set out below at Condition 8.4. But, if we use the power to change the rate of Interest, we will always:
- (a) respond proportionately to the reason for making the change; and



- (b) not discriminate against you individually or as a particular type of borrower, unless the reason in question relates specifically to a particular type of borrower (in which case we will give you an explanation about that).

8.4 We may change the rate of Interest for any one or more of the following reasons (which may relate to circumstances existing at the time or which we reasonably expect to apply in the near future):

- (a) To respond to:
  - (i) changes, or changes in interpretation, in the relevant laws or to codes of practice or industry guidance with which we intend to comply; and/or
  - (ii) decisions or recommendations of the Financial Ombudsman Service or of any court.
- (b) To respond to changes in the Reliance Bank Limited Base Rate (or, if that rate ceases to exist, the equivalent lending rate set by the Bank of England or by any central bank that replaces it) which we reasonably believe reflects general economic circumstances.
- (c) To respond to legitimate cost increases or reductions, reasonably incurred by us in operating our mortgage business.
- (d) To respond to a change in the sums payable to the Financial Services Compensation Scheme associated with mortgage lending.
- (e) To reflect, proportionately, any increase or reduction in our risk if there has been a change in the way the Property is used or occupied.
- (f) Where, in our reasonable opinion, the change is required because of the need to maintain our financial strength in the Interests of our stakeholders and customers as a whole, including both borrowers and savers. For example, we may change the rate to respond to the need to manage the margin between the Interest rates borrowers pay us and the Interest rates we pay to savers.

8.5 We may change the Interest Rate which applies to the Loan and/or to any Additional Secured Borrowing Rate by giving you at least 30 Days' notice in writing of the change. This notice will state the date from which the new rate will take effect. If the change is an increase, this will be a reasonable time after the date on which notice is given.

8.6 We may reduce the Interest Rate we charge you on the Loan or on any Additional Secured Borrowing without prior notice or any other formality from such date as we may decide. We will notify you promptly if we do this.

8.7 A certificate signed by our managing director for the time being will (apart from in the case of an obvious error) be evidence in any legal proceedings of any Interest Rate at any date to which the certificate refers.



## **9 Monthly Payment Variation, overpayments, one-off Capital repayments and early repayment charges**

- 9.1 We may vary the amount of the Monthly Payments to reflect any variation of the Interest Rate or a change in the Repayment Period. We will give you at least 30 days' notice in writing of the amount of the new Monthly Payment and the date from which it is to be payable.
- 9.2 Unless your Offer says that you cannot, you may pay back part or all of your Mortgage early either by making regular overpayments or making a one off Capital Repayment, both of which will be used to reduce your outstanding Capital and we will use the reduced Capital for the purposes of calculating the Interest from the date the overpayment is applied to the Capital and we will recalculate your Monthly Payment.
- 9.3 Making regular or one off overpayments means that although your Mortgage Term will not reduce, your Monthly Payment should. However, you can ask us instead to keep the amount you pay each month the same which may allow you to repay your Mortgage early. We would treat this as you making regular overpayments from the date of the recalculation.
- 9.4 The amount of each regular overpayment would initially be the difference between the original Monthly Payment and the recalculated Monthly Payment but this may change as your Monthly Payment changes, for example upon an Interest Rate change.
- 9.5 You may make a one-off Capital repayment by cheque or by electronic funds transfer and you should let us know that you will be doing this so that we can apply it to Capital upon receipt (ensuring that you have the funds to make this payment remains your responsibility).
- 9.6 You will need to ask us to change your Direct debit if you want to make a regular overpayment at least 14 days before your Collection Date, otherwise we will not be able to change the Direct Debit amount until your next Collection Date.
- 9.7 If your Interest rate changes whilst making regular overpayments, we will change the amount of your overpayment so that you continue to pay the same amount of money in total to us each month but you can ask us at that time to deal with your regular payment differently.
- 9.8 Your offer will set out whether there is an "Early Repayment Charge" on the amount that is repaid early and the circumstances when you would need to pay it. If you want to pay back all of your Mortgage early, you should firstly contact us to find out how much you will need to pay.
- 9.9 If we have to repossess and sell the Property in line with Condition 16, we may ask you to pay any applicable Early Repayment Charge.

## **10 Moving house**

- 10.1 Your Offer will include information on whether you may "port" your mortgage to another property if you wish to move. This is not an automatic right even if porting your mortgage is included on your Offer because we will need to assess the application as if it were a new Mortgage application and ensure that both you and your new property meet our lending policy including:
- (a) That the Loan to Value meets our requirements;
  - (b) That we will accept the new property as Security;
  - (c) You have not breached the Agreement;
  - (d) You will be want and will be able to transfer the Mortgage close the mortgage on the current Property.
- 10.2 You will need to pay for a Valuation on the new property as set out in our Tariff.
- 10.3 If the Mortgage amount for the new property will be different:



- (a) If the Mortgage amount will remain the same, then you will not pay a new product Fee and an Early Repayment Charge will not apply
- (b) If the Mortgage amount is less, then you may need to pay an Early Repayment Charge in accordance with Condition 9;
- (c) If the Mortgage amount is more, the extra money will be treated as Additional Secured Borrowing in accordance with Condition 5.

## **11 Selling part of your property**

- 11.6 You must have our prior written agreement to sell part of the Property and we will not agree if we believe doing so would have a detrimental effect on our Security.
- 11.7 If we agree, you will need to pay for a valuation and there may be a Fee, both of which are set out in our Tariff.

## **12 Consolidation**

- 12.1 The Mortgage will be security not only for the Loan and any Additional Secured Borrowing but also for all other money that may be or become owing by you to us under these Conditions. No property held by us as security for your indebtedness will be released until all money owing by you to us has been paid.
- 12.2 If we release the Mortgage this will not release you from any personal liability in the event that we have made a mistake in calculating the amount required to repay the Total Debt, providing we tell you about the mistake within six weeks. This will not apply if you have changed your financial position to your disadvantage as a result of the mistake, at a time when you were not aware of it.
- 12.3 Section 93(1) of the Law of Property Act 1925 (which might otherwise prevent us from relying on Condition 12.1) will not apply to the Mortgage.

## **13 What to do if you are having trouble making your Mortgage payments?**

- 13.1 If you are having problems making your Monthly Payments we may be able to help you. Whenever you think you may have a problem it is important to contact us. We can sometimes defer a Monthly Payment. This means that your Total Debt may increase and your Mortgage Term may also increase. We may be able to make special arrangements allowing you to alter the amount and timing of your Monthly Payments or make other agreed variations to the product type or Mortgage Term.
- 13.2 You must remember that if any help is given to you this does not release you from any of the Conditions of your Mortgage. It is particularly important to realise that any special arrangement that we might make does not affect our rights over the Property including the right to exercise our power of sale together with the right to collect from you the Total Debt. If you have a Guarantor any special arrangement made by ourselves will not alter the Guarantor's legal responsibility to repay your Total Debt should you fail to do so.
- 13.3 It is your responsibility to satisfy yourself as to the effect of any special arrangement on your Mortgage Term, the Total Debt and/or the amount of your Monthly Payment.



- 13.4 If you fail to make any monthly payments or if you do not keep to any of your responsibilities under the Agreement, we may ask a court for an order so that we can repossess and sell the property. If we have to sell the property, we will sell it for the best price we reasonably can in all the circumstances and settle the Total Debt from it, subject to Condition 13.2.
- 13.5 If you abandon the Property, you hand over the keys to the Property to us or we gain a court order to repossess and sell the Property, and we sell it for less than the amount you owe us, then you must pay us the full amount still outstanding under the agreement and any losses and expenses that we have reasonably suffered or had to pay as a result (as long as, where the property has been sold, we had obtained the best price for it we reasonably could in all the circumstances). If the amount we sell the Property for is more than the Total Debt and after having deducted our reasonable losses and expenses there remains an excess, we will account to you for the excess.

#### **14 Total Debt becoming immediately payable**

If any of the following events occurs, we may demand immediate payment of the Total Debt, in which case you must pay it to us:

- (a) We find out that your Mortgage has been obtained by fraud;
- (b) We find out that you or someone on your behalf gave us wrong or misleading information that affected our decision to give you the Mortgage;
- (c) you do not pay us when due, and still owe us, an amount equal to two Monthly Payments or more and this continues for three months or more; or
- (d) you fail to perform or observe any of your other obligations in these Conditions (other than insignificant breaches that are put right promptly after we ask you to do so); or
- (e) or the Mortgage Deed is not valid or legally binding for any reason and you have unreasonably helped us to rectify this; or
- (f) the Property, or any part of it, is compulsorily purchased or acquired or requisitioned; or
- (g) the charge over the Property is not registered before the expiry of any priority period for registration or is not registered as a first charge; or
- (h) you give up possession of the Property to us; or
- (i) you sell or create a further Interest in the Property such as a lease or trust which affects our ability to enforce our Security; or
- (j) if:
  - (i) you or the Guarantor (if there is one) enter into a voluntary arrangement with or for the benefit of your respective creditors or makes a proposal to do so;
  - (ii) an application is made for an interim order against you or the Guarantor (if there is one);
  - (iii) you or the Guarantor (if there is one) enter into a deed of arrangement with or for the benefit of your respective creditors; or
  - (iv) a bankruptcy petition is presented against you or the Guarantor (if there is one) or we reasonably consider that one is likely to be presented; or
  - (v) you are a leaseholder and receive a notice under section 146 of the Act to take action to put right the breach within the set time limit; or



- (i) Any person with a right, claim or Interest in the Property takes legal action to repossess the Property or to enforce that right, claim or Interest in any other way; or
  - (ii) If the value of the Property is reduced because any substantial part of it has been damaged or destroyed; or
- (k) we find out that you or the Guarantor (if there is one) have deliberately given us incorrect information when you applied for a Loan.

If the money you owe us has become immediately payable under this Condition and you have any money in a current or investment account with us or any associated company, we may take the money out of your account and use it to pay off or reduce the money you owe us. If we do this, neither we nor any associated company will pay any further Interest or bonus on the money we have taken out of your account.

## **15 Related Rights and Powers of Attorney**

15.1 So far as you are able you:

- (a) assign (transfer) all Related Rights to us;
- (b) agree that you will hold all Related Rights in trust for us (that is, on our behalf); and
- (c) irrevocably appoint us to be your attorney to act on your behalf to deal with and recover all Related Rights and also give any notice or counter-notice and exercise any rights to or against any local or other authority or body.

15.2 Any payment arising in respect of Related Rights (unless paid out to our satisfaction in restoring or improving the Property) will be used by us towards repayment of the Total Debt.

15.3 Our rights under Condition 15.1 will cease on redemption of the Mortgage.

15.4 You also give us a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these Conditions, and to transfer any shares as mentioned in Condition 24 if we sell the Property.

## **16 Our rights and remedies**

16.1 For the purposes of the Law of Property Act 1925 the Total Debt is due on the date of completion of the Mortgage. This means that our powers as mortgagee come into force then, but we can exercise them in accordance with this Condition 16.

16.2 At any time after the Total Debt has become immediately payable under Condition 14, if we have demanded payment and it remains unpaid, we may after giving written notice to you:

- (a) take possession of the Property or require you to leave it;
- (b) require any tenants or workmen or others who may be in the possession of the Property to leave it unless they are there with our consent;
- (c) exercise our power of sale;
- (d) let and manage the Property (but this will be at your risk);
- (e) carry out all the powers, which are given to us and the Receiver by the Law of Property Act 1925 (except that the restrictions which are imposed by Section 103 of that Act will not apply) or the Insolvency Act 1986;



- (f) accept surrenders of leases and grant or renew leases or tenancies as we think fit;
  - (g) arrange and carry out all repairs, works, alterations, demolition, change of use, additions, road schemes and developments to the Property and generally to manage the Property as we think fit;
  - (h) employ and also pay persons for carrying out any of these powers at a price or fee and upon any terms as we think fit;
  - (i) exercise our power to appoint a receiver (who may be an officer or employee of us) at such commission or payment as we reasonably consider fit; and
  - (j) at any time after taking possession of the Property or appointing a receiver we may give up possession or remove the receiver on giving notice to you.
- 16.3 At the time of or after taking possession of the Property we may, as your agent and at your expense, remove, store, sell or otherwise deal with any furniture or goods, which you fail or refuse to remove from the Property. We shall not be liable for any loss or damage caused as a result unless we have acted negligently.
- 16.4 Our statutory power of sale applies to the Mortgage free from the restrictions imposed by Section 103 of the Law of Property Act 1925. This Condition 16 applies instead.
- 16.5 The statutory power of sale is extended so as to allow us to sell the Property or any part of it for a price payable with or without Interest by instalments over such period as we shall, acting reasonably, think fit.
- 16.6 No purchaser or other person dealing with us or any receiver need enquire whether the Total Debt has become immediately due and payable or whether any power has become exercisable, or to check on the use made of any money paid to us or to any receiver.
- 16.7 A receiver:-
- (a) will be entitled to be paid reasonable fees or commission, and will be appointed by us on such other terms as are reasonable in the circumstances we decide;
  - (b) will be your agent (and you will be responsible for the receiver's acts and omissions), except if the receiver is our employee;
  - (c) will be entitled, in addition to the receiver's statutory powers, to collect and receive any rents from the Property, and to exercise any power (including selling the Property) which we would be able to exercise under the Mortgage; and
  - (d) will be entitled to employ any agents or workmen to do things on his behalf.
- 16.8 If we sell the Property and the amount we obtain for it (after deducting all our Expenses) is insufficient to repay the Total Debt, you agree, independently of any other Conditions, to pay us the shortfall with Interest calculated in the manner set out in Conditions 6, 7 and 8.

## **17 Your agreement not to lease etc**

You must not, without our previous written consent, let, mortgage, charge or part with possession of the Property, or any part of it. We will not unreasonably refuse consent, but we may require payment of a Fee or additional Interest to be paid as a condition of our consent.

## **18 Other obligations concerning the Offer and the Property**

- 18.1 Until the Mortgage has come to an end you must do the following:-



- (a) comply with all the terms and conditions of the Offer;
  - (b) you must live in the Property as your main residence even if you own another property;
  - (c) look after the Property and keep it in good condition, you must not do anything to reduce its value;
  - (d) you must not make significant structural alterations to the Property without our prior written agreement;
  - (e) complete (without delay) any building work on the Property and ensure such works are carried out in accordance with local and national regulations and legislation including planning requirements;
  - (f) pay all rents, rates and other charges payable in respect of the Property when due. If you fail to make sure these payments are made and we pay them on your behalf, such as ground rent, you will be responsible for paying us back and we may charge you a Fee if we have to do this as detailed in our Tariff;
  - (g) comply with all legal restrictions, obligations and conditions affecting the Property and you should speak with your conveyancer to ensure that you are aware of restrictions in the title deeds;
  - (h) tell us about any action that you are planning to take which affects your Interest in the Property such as purchasing adjoining land with the intention of merging the titles as we may ask you to enter into a new Mortgage Deed dealing with security over the entire title;
  - (i) you must not use any part of the Property for commercial purposes;
  - (j) send us within seven days a copy of any notice received from a local authority or other third party (such as a landlord) in respect of the Property that might be important to us as lender;
  - (k) sign and execute all documents and do all other things that we may reasonably require to ensure that the security granted to us by the Mortgage Deed is in full force and effect;
  - (l) provide us with information on your income and expenditure as soon as we ask for it to enable us to assess affordability at any time during the Mortgage term; and
  - (m) tell us about any significant dispute affecting the Property or any lease of it.
- 18.2 Until the Mortgage has come to an end you must not do any of the following in relation to the Property unless we have agreed that you can:-
- (a) apply for any improvement or other grant;
  - (b) change its structure, demolish it or change its use; or
  - (c) create any circumstances (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.
- 18.3 We will not unreasonably refuse a request from you to do something under Condition 18.2 (apart from 18.2(c)), but we may require a Fee or additional Interest to be paid as a condition of giving our consent. The amount of any Fee may be set out in the Tariff. If it is not, we will set the Fee or additional Interest at a reasonable amount in the light of the circumstances in question.
- 18.4 If the Property is held under a lease and you want to extend the lease or acquire the freehold of the Property, then you must tell us. Our security under the Mortgage covers any extended





lease or freehold Interest from the time of the extension or acquisition. You must sign any additional documentation that we may reasonably require to confirm this.

## **19 Insurance**

- 19.1 The Property must be adequately insured at all times. The insurance must cover loss or damage by fire and such other risks as we may reasonably require. The amount of the insurance cover must not be less than the amount required in the Offer.
- 19.2 This insurance policy must be in force:
- (a) If you are buying the Property, when contracts are exchanged; or
  - (b) If you are remortgaging the Property, before the remortgage completes.
- 19.3 Unless we have agreed to arrange the insurance, you must arrange it yourself.
- 19.4 If we arrange the insurance, we will use an insurance broker or insurance company of our choice. We will not have to pay on to you any commission we earn for arranging the insurance. You must pay (or reimburse us) for the cost of the premiums.
- 19.5 We are not under any obligation to you to check the adequacy of the insurance. It is your responsibility to make sure that the insurance is adequate at all times. The amount of the insurance cover must be increased as necessary so as to ensure that this is the case.
- 19.6 You must pay all of your insurance premiums on time and, if we request to see them, you must provide to us the policy and receipts for your premium payments. We will take action against you for any loss we may suffer arising from your failure to insure the Property in accordance with these Conditions.
- 19.7 If there is a possible claim on the insurance then you must make a claim. We may take control of the claim and (acting reasonably) agree settlement with the insurance company. The power of attorney you give us in Condition 15 also covers this.
- 19.8 You have the right to choose whether any money received by you or us from any insurance in respect of the Property is used in making good the damage or loss that was the reason for the claim or in or towards repayment of the Total Debt, unless (i) the Property cannot lawfully be repaired, (ii) the money is not used promptly in making good the damage or loss, or (iii) the Total Debt has become payable under Condition 14. In those cases, the money must be applied in or towards repayment of the Total Debt unless we agree otherwise. Any money received by you from any insurance relating to the Property must be held on our behalf unless and until it is used as required by this Condition 19.8.
- 19.9 You must not do or allow anything to be done that might make the insurance invalid or the premium more expensive.
- 19.10 If the Property is leasehold and insured by the landlord you must, on request, show us such documentation relating to the policy as we may reasonably require. The insurance company and the terms of the policy must be approved by us, but we will not unreasonably refuse approval.
- 19.11 You must immediately tell us about any damage to the Property which may give rise to an insurance claim.
- 19.12 We may settle insurance claims relating to the Property on reasonable terms whilst acting on your behalf and without telling you beforehand.



## **20 Leasehold Properties**

- 20.1 If the Property is leasehold, you will need to ensure that the following requirements are met and you should speak with your conveyancer if you are unsure as failing to meet these requirements will result in a failed application for a Mortgage:
- (a) The lease term must have at least 80 years left;
  - (b) There must be rights granted for access, maintenance and support;
  - (c) You and the landlord must not have breached any terms of the lease;
  - (d) The lease must provide that the landlord is obliged to maintain and repair the property that includes the Property and each tenant must be under the same obligations to contribute towards upkeep and maintenance with adequate enforcement provisions;
  - (e) There must be no clause in the lease allowing for a substantial increase in the ground rent;
  - (f) There must be no clause in the lease allowing the landlord to forfeit the lease (take it back) if you are made bankrupt; and
  - (g) There must be no restriction, or ability to unreasonably withhold consent from the landlord, in relation to transferring the Property.
- 20.2 You must obtain our prior written agreement, which we will not unreasonably withhold, before you surrender the lease or agree to any changes in the lease terms. You must also have our written agreement if you plan on purchasing the freehold or extend the lease.
- 20.3 If you own shares in a management company that governs communal areas, you must show us the share or membership certificate and allow for the transfer to us if we need to repossess or sell the Property in accordance with Condition 24.

## **21 Fees and Expenses**

- 21.1 You must pay any Fees and Expenses, taxes, liabilities and legal and other costs reasonably incurred by us under the Agreement, including any applicable VAT on all those amounts.
- 21.2 We may charge Fees in relation to the operation of your account and for providing any service in connection with the Mortgage. Any Fees specific to your Loan or Additional Secured Borrowing are set out in your Offer. Details of our other standard Fees are set out in our Tariff. We will send you a copy of our current Tariff at least once a year, but you can obtain a copy of this at any time by contacting us.
- 21.3 We will give you notice of any Fees charged. Interest will be charged on any Fees not paid.
- 21.4 You can ask us to add the product fee to the Capital. We will agree to this as long as it does not result in your Mortgage failing to meet lending policy requirements at the time. If you do add the product Fee to the Capital, we will charge Interest on it in line with Condition 6, which is likely to cost you more than if you paid it separately.
- 21.5 We can (unless otherwise stated in the Offer) change the Fees we charge at any time. Changes may include the abolition of, or amendment to, existing Fees or the introduction of new Fees, and may be made if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which we reasonably expect to apply in the near future):-



- (a) to respond to changes in the costs (including tax) we reasonably incur in providing the service, or carrying out the function, to which the Fee relates;
- (b) to meet relevant regulatory requirements;
- (c) to respond to changes, or changes in interpretation, in the relevant laws or to codes of practice or industry guidance with which we intend to comply or to the decisions or recommendations of the Financial Ombudsman Service or of any court; and
- (d) to respond to new (or changes to) any statements or codes of practice designed to enhance consumer protection.

Any change that we make to our Fees will be proportionate to the circumstances giving rise to the change.

- 21.6 Where we introduce new Fees, or increase existing Fees, we will tell you about the change, a reasonable time before it takes effect.
- 21.7 You must pay us all Expenses when we ask you to. Until you pay them, Interest will be charged on them at the Interest Rate.
- 21.8 Expenses incurred by us must be repaid by you when we demand and until repaid they will be a charge on the Property (but without prejudice to any other remedy we may have).
- 21.9 Unpaid Fees and Expenses will form part of the Total Debt.

## **22 Mortgages By More Than One Person and adding/removing someone to the Mortgage**

- 22.6 If there is more than one of you, your obligations are joint and several. This means that each of you is responsible for all of the obligations in this Agreement and not just a of them.
- 22.7 You must have our prior written permission to add someone to your Mortgage and we may reasonably refuse to agree to this. We will need all existing Borrowers to make the request and we will assess the proposed Borrower against our lending policy at the time.
- 22.3 If and when someone is added to your Mortgage, that person will become a Borrower and the Conditions will apply to him or her and he or she will need to execute a new Mortgage Deed along with the existing Borrowers.
- 22.4 You must have our prior written agreement to you want to remove someone from your Mortgage and we may reasonably refuse to agree to this. We will need all existing Borrowers to make the request and we will consider whether or not the remaining Borrower(s) can continue to meet the requirements for borrowers set out in our lending policy at the time.
- 22.5 If and when someone is removed from your Mortgage, these Conditions will no longer apply to that person and the remaining Borrower(s) will be responsible for all of the obligations under the Agreement on their own. We may require the remaining Borrowers to execute a new Mortgage Deed.
- 22.6 Our Tariff of Charges will tell you what Fees may apply to adding or removing a Borrower.

## **23 Continuing Security**

- 23.3 The Mortgage is a continuing security. This means that:
  - (a) the Mortgage will remain in force if you die, or become bankrupt or mentally incapable;
  - (b) in relation to an overdraft, the Mortgage will not be discharged merely because the account goes into credit; and



- (c) the Mortgage will not be discharged by the part payment of the Total Debt.

## **24 Management Company Shares**

If you hold any share in a management company or residents' association in relation to the Property, then you will deposit the share certificate (if any) with us. If we have no Mortgage over those membership rights when we exercise our power of sale of the Property, you give us an irrevocable power of attorney to transfer your membership rights to the purchaser and to keep any payment made for the transfer.

## **25 Shared Ownership Leases**

- 25.1 Where the Property is held by you on a shared ownership lease or similar arrangement you transfer to us (until the Mortgage is redeemed) the right under the provisions of the lease to acquire the freehold or a further lease or other extended interest, as the case may be.
- 25.2 You must obtain our prior written permission before applying for "staircasing" (asking to buy more of the equity in the property from the housing association or other joint owner) or taking any other action that will alter the percentage of your ownership as this may alter the terms of the original Offer and we may need to reassess the terms of the Mortgage and provide an updated Offer.

## **26 Our power to enter and repair etc.**

- 26.1 While the Mortgage continues you will permit us and our agents access to the Property to check on its condition and use, so long as we give you reasonable notice and specify a reasonable time.
- 26.2 You will remedy any defect in the repair or condition of the Property within such reasonable time as we may require.
- 26.3 If you fail to remedy any such defect within the required time, or if you are in breach of any other obligation in these Conditions as to the carrying out of any works on the Property or the doing of any other act or thing, then we or any receiver appointed by us may enter upon the Property with workmen and others and may remedy such defect or breach and recover the reasonable cost of doing so from you as set out in Condition 21.7.
- 26.4 No exercise of any power contained in this Condition 26 shall make us liable as mortgagee in possession.

## **27 Notices**

Any notice given by us to you in writing will be sufficiently given if it is sent by ordinary prepaid letter post addressed to your address last known to us or to the Property and the letter is not returned through the post office undelivered. A notice given in this way will be deemed to have been served at the time at which the letter would be delivered in the ordinary course of post.



## **28 Transfer of the rights under this Agreement**

- 28.1 We may at any time transfer some or all of our rights under the Mortgage and/or a Loan or Additional Secured Borrowing to any person. In connection with any such transfer:-
- (a) You agree that we may disclose any information relating to you and the Mortgage;
  - (b) unless the terms of the transfer state otherwise, the person to whom we transfer the Mortgage will be able to exercise all the rights and powers that we could exercise before the transfer; and
  - (c) your rights under the Mortgage will not be affected.
- 28.2 You agree that, if and when we agree with another person ('transferee') for it to take over all or part of our rights, benefits and responsibilities under the agreement (but, for a part transfer, only in relation to the part or parts that have been transferred):
- (a) Your existing and future responsibilities to us under the agreement will stay the same, except that they will become responsibilities to the transferee; and
  - (b) Our existing and future responsibilities to you under the agreement will be replaced by equivalent responsibilities of the transferee to you (insofar as allowed by law or regulation)
- 28.3 If we make any transfers under this Condition, we will ensure that the transferee takes on our responsibilities under the Agreement to the same standard.
- 28.4 We may also grant security over our rights and benefits under the Agreement including your Mortgage and the Security created by the Mortgage Deed.
- 28.5 You may not transfer the Agreement, including the Mortgage and Security created by the Mortgage Deed, to anyone else without our prior written consent.

## **29 General**

- 29.6 If we decide to relax any of the terms of the Mortgage, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.
- 29.7 If we cannot enforce any term of the Mortgage, this will not stop us from enforcing the others. Each term is separate from the others.
- 29.8 If you or we delay taking, or fail to take, any action following a breach by the other party of any of the conditions, the party delaying or failing to take action will still be entitled to exercise their rights at a later date and will not be prevented from taking action in relation to any future breaches.
- 29.9 We will not be responsible for any breach of these conditions caused by circumstances beyond our reasonable control.
- 29.10 A person who is not a party to the mortgage deed will have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any conditions.

## **30 Law**

The Agreement is governed by the law of England and Wales and all disputes arising from it, whether contractual or not, shall be dealt with exclusively by the courts of England and Wales.



### **31 Changes to this Agreement**

- 31.1 **Changes to our conditions.** We may change the Conditions and any other conditions applying to your Mortgage (other than regarding Interest and Fees) to reflect the requirements of any regulation, to clarify any existing term or condition or make it fairer, or to enable us to enhance the terms of your Mortgage, to correct any typographical errors or if you agree.
- 31.2 We will not make any change that works to your disadvantage unless we are required (for example, by a law or regulation) to do so. We will where practicable give you at least 30 days' notice of any such change.

### **32 Language**

Unless you and we agree otherwise, all communications with you in relation to the Mortgage will be in English.

