

# The Mortgage Works (UK) plc

## Standard Security

In this Standard Security the expressions set out below have the meanings respectively set opposite to them:-

<b>The Borrower</b>	Where the Borrower is more than one person the singular includes the plural and all obligations of the Borrower are undertaken jointly and severally.
<b>The Company</b>	The Mortgage Works (UK) plc (Company Number 02222856) having its registered office at Nationwide House, Pipers Way, Swindon, Wiltshire, SN38 1NW
<b>The Property</b>	The property known as  being the subjects more fully described below
<b>The Advance</b>	(Words)  (Figures)

The Borrower hereby undertakes to pay to the Company all sums due and which may become due to the Company, including any further advances or re-advances, in any manner of way by the Borrower with interest computed in accordance with the Offer of Mortgage and the Scottish Residential Mortgage Conditions 2010 made by the Company dated the seventh day of June 2010, a copy of which is annexed and signed as relative hereto declaring that a Certificate signed by an authorised officer of the Company shall be sufficient to ascertain the amount due at any time by the Borrower to the Company; for which the Borrower grants a Standard Security in favour of the Company over the Property being ALL and WHOLE.

The Borrower agrees that the Standard Conditions specified in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 as varied by the said (Scottish Residential Mortgage Conditions 2010), a copy of which the Borrower acknowledges to have received, and any lawful variation thereof operative for the time being shall apply; and the Borrower grants warrandice; and the Borrower consents to registration hereof, and of any Certificate granted by the Company as to the amount due to it, for execution: IN WITNESS WHEREOF

Register on behalf of the within named The Mortgage Works (UK) plc in the REGISTER of the COUNTY of

Agents

**STANDARD SECURITY**

**By**

**in favour of**

**The Mortgage Works (UK) plc**

**Property:**

**201**

**Solicitors:**

**MORTGAGES**

These are the conditions which apply to your mortgage offer.

# The Mortgage Works (UK) plc

SCOTTISH RESIDENTIAL MORTGAGE OFFER CONDITIONS 2010

You should read these offer conditions and the Scottish Residential Mortgage Conditions 2010 together. We explain some of the legal words and phrases in the glossary to the Scottish Residential Mortgage Conditions 2010.

These conditions, the Scottish Residential Mortgage Conditions 2010 and the mortgage offer are important documents. Please keep them in a safe place.

## 1. THE OFFER

**The offer is made between The Mortgage Works (UK) plc (“us”) and you. These conditions, the Scottish Residential Mortgage Conditions 2010 and the special conditions set out in the offer are all part of the offer.**

**We can change the terms of the offer and even withdraw the offer altogether at any time before the loan is completed if:**

- the valuer believes that the value of the property is less than the purchase price;
- the solicitor cannot give us a satisfactory report as to the legal title to the property;
- we find out that information given to us is wrong;
- we find out that there have been changes to the terms of the contract under which you are buying the property (for example, if the purchase price is reduced);
- you are or become bankrupt or we have reason to believe you will not be able to afford to make the mortgage repayments;
- we realise that there has been an error in the mortgage offer;
- anything arises because of investigations we, our solicitor or valuer carry out or if anything happens and we believe it would not be a good idea to go ahead with the loan; or
- you are remortgaging your property and we find out that there have been recent or there are current arrears on your existing mortgage.

## 2. ACCEPTING THE OFFER

**If you want to change the terms of the offer you must discuss it with us. If we agree, we will send out a new offer. Please do not change the printed offer that we have sent to you.**

**Unless we write to you confirming that the offer is still available or we allow you to complete the loan, the offer will come to an end after three months from the original date of the offer.**

**If there is more than one borrower, each person will then be responsible for meeting all the terms of the offer.**

### 3. TYPE OF MORTGAGE

We provide two basic types of mortgage.

- **Repayment mortgages**

This is where you repay the loan or an agreed part of it over the mortgage term by making monthly instalments of capital and interest.

- **Interest-only mortgages**

This is where the monthly payments represent only interest on the amount of the loan. You use another method to repay the amount borrowed at the end of the mortgage term.

**Your mortgage may also be partly repayment and partly interest only.**

**With both types of mortgage we may add monthly insurance premiums to your monthly payments if we arrange the buildings insurance for you.**

**We recommend that if you have an interest-only mortgage, you should take out a suitable policy or plan which will repay the whole or part of the loan at the end of the mortgage term.**

**It is your responsibility to make sure that the policy or plan will result in you having enough funds to repay the loan at the end of the mortgage term. We cannot accept responsibility for any policy or plan you choose. If the policy or plan does not provide enough to repay the whole of the loan at the end of the mortgage term, you will still be responsible for paying what you owe.**

**With both types of mortgage we strongly recommend that you arrange life assurance to cover the loan in case you die before the mortgage term ends.**

**Please remember the following**

- If you have an interest-only mortgage, we reserve the right to ask you to change this to a repayment mortgage (see our Scottish Residential Mortgage Conditions 2010). We can also use the monthly payments you give us to repay any part of the debt as we decide if we receive more money than we need to pay the interest which you owe.
- The monthly payments you make to us do not include the payments due under the policy or plan. You must make your own arrangements to pay these direct to the relevant company.
- By the end of the mortgage term or earlier in the circumstances shown in the Scottish Residential Mortgage Conditions 2010 you must repay us, in full, all the money we have lent you.
- Unless we say otherwise in this special conditions in the offer, the policy or plan will not be assigned to us and it will be your responsibility to keep the policy or plan in a safe place. We may ask you to show us these at any time.

**Within these basic types of mortgage there are also different types of interest rates such as fixed rates, and also specialist mortgages. If we have offered you one of these mortgages, we will have set the terms out in the special conditions in the offer.**

#### **4. RELEASING THE LOAN**

**We will pay the loan in one amount to your solicitors by telegraphic transfer.**

**We will send it to the solicitor after he or she has certified that the title to the property is satisfactory and that all the special conditions set out in the offer have been met.**

**If the release is by telegraphic transfer, we will usually pay it into the solicitor's bank account the working day before the date set for completion.**

**We will treat the date of the telegraphic transfer as the date that the loan or part of it is released. This date is important because we will use it to work out interest and your monthly payments.**

**We will usually release the loan in one amount but in certain circumstances we will release it in instalments. For example, we will do this if you have an instalment mortgage or we are holding back part of the loan until certain work has been completed.**

#### **5. STANDARD SECURITY**

**It is a term of the offer that you give us a first legal charge over the property. The legal charge must be in the form of our Standard Security.**

**Our Standard Security incorporates the Scottish Residential Mortgage Conditions 2010. We will have already sent you a copy. It is important that you read them.**

**The mortgage will act as security not only for the amount you borrow to begin with but also for any further amounts you owe us on any account at any time.**

#### **6. COSTS**

**You will be responsible for all the costs, fees and disbursements which arise in connection with the mortgage as stated in the mortgage offer.**

## 7. BUILDINGS INSURANCE

**It is a condition of all mortgages that you have enough insurance cover for the building or buildings on the property. If it is not a condition of your mortgage that you have your buildings insurance with us and if you are arranging this yourself, please send a copy of the insurance schedule or the cover note to your solicitor who will require to confirm to us that the insurance arrangements meet with our requirements. We will not release the loan until we have received that confirmation from your solicitor.**

**If you want us to arrange the insurance for you, we will be pleased to do this. We have a specially arranged policy which may give you peace of mind as we take care of all the details for you. This will provide insurance cover for your buildings but you can also choose to cover your contents. Accidental damage cover is also available.**

**The following points are important.**

- The proposed insurance does not cover any loss or damage which happens before the policy begins. This is particularly important where damage caused by subsidence, heave or landslip is concerned as only future damage is covered.
- The sum insured is related to the House Building Cost Index prepared by the Royal Institution of Chartered Surveyors (or any other index we or the insurers choose to use). If the sum insured changes, we will let you know and pay the new premiums for you and charge this to your account.

**Although we will have arranged cover for the amount shown in the offer, you have final responsibility for making sure the sum insured is enough. If you feel that the figure does not meet your needs, please let us know.**

- The cover will begin when we release the loan.
- Certain types of buildings, for example, thatched properties, will mean you have to pay higher premium rates.
- For properties being built, the only insured risk will be fire until the building is completed and then the rest of the terms of the policy will apply.
- If you leave the property unfurnished for more than 30 days, certain risks will no longer be insured. You can make arrangements to avoid this if you apply to us.
- If you need to make a claim, please contact us for advice.

**We keep to the Association of British Insurers code of practice for selling general insurance. You can ask us for a copy of the code.**

## 8. INTEREST

**You will be responsible for paying interest to us on the amount of the loan you owe.**

**The interest rate will occasionally change. It may go up and it may go down. The rate current at the date of the offer is shown on the offer. If the rate changes, we will write to you to tell you about this.**

**We work out the amount of the interest on the amount of the loan that you owe. We will not treat any payment we receive as credited to your account until it has cleared.**

## 9. MONTHLY PAYMENTS

**The monthly payments will depend on whether you have a repayment mortgage or an interest-only mortgage or a mixture of the two.**

**If you have a repayment mortgage, your payments are made up of both capital and interest. The amount of each instalment will depend on;**

- the amount of loan you have left to repay;
- the period over which you are repaying the loan;
- the current rate of interest

**If you have an interest-only mortgage we work out the payment using the amount of the loan you have left to pay and the current rate of interest.**

**The interest rate quoted in the offer may change before you complete.**

**We will only change the mortgage interest rate for one or more of the following reasons:**

- to reflect changes in general interest rates, including the interest rates or terms on which similar accounts are offered by other providers of financial services;
- to reflect any changes or anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- to reflect changes to our costs, including administrative costs, costs involved in providing services or facilities or changes in the costs to us of borrowing funds;
- to reflect a change in the way the property is used or occupied;
- to reflect a change in the credit risk relating to the loan.

**If so, we will tell you the new monthly payment.**

**You must pay all monthly payments by direct debit. We will have sent you a direct debit mandate for you to sign. You must fill it in and sign it and then send it back to us before we can give you any money.**

**We will notify you in writing of the date when the first monthly payment is due.**

## 10. CREDIT REFERENCE AGENCY

**We may register information about you and how you pay your mortgage with a licensed credit reference agency.**

## 11. VALUATIONS

**You should have received a copy of the valuation with the offer. This does not guarantee the condition of the property. If you want to have a more detailed survey or a buildings survey, we can arrange this for you.**

**Neither the valuation nor the offer mean that we are confirming that the property is worth the value set out in the valuation or that the price you are paying is reasonable. Property prices can go down as well as up.**

## 12. WHO OWNS AND CAN LIVE IN THE PROPERTY?

Your solicitors must confirm that the title to the property is acceptable as security for the mortgage. We will deal directly with them about this.

In certain cases, your solicitor may need to arrange “title indemnity insurance” before you complete the mortgage. This will be necessary if there is a problem with the title to the property. You must pay your solicitor for the cost of this insurance. Your solicitor must place the policy with the deeds.

Unless we are offering your mortgage under our Buy-to-let scheme (see paragraph 16 of these conditions), you must have full vacant (empty) possession of the property on or before you complete. The property must be a single private home for you to live in.

You must not make alterations or additions to the property without first getting our written approval.

If your mortgage offer is for an extra loan or for making improvements to your property, you may need to increase your buildings insurance when we complete your mortgage.

Your solicitor must tell us if the property has been transferred to you or a previous owner in the last few years by a “deed of gift” or if you are buying it at a very low price. If this is the case, your solicitor may need to arrange an Indemnity Policy. This must be for at least the amount of the mortgage loan and must be in our joint names (both you and us). The purpose of this policy is to protect us against any action under section 339 of the Insolvency Act 1986. Your solicitor must place the policy with the deeds.

You or your solicitor must tell us if you are buying the property from someone who bought it within the last six months.

## 13. SOLICITORS

As well as acting for you, your solicitor will often be acting for us in connection with the property and your mortgage. If this is the case we will deal with this in our instructions to your solicitor.

However, in certain circumstances we may instruct our own independent solicitors to act for us.

Please note that our solicitor will not be instructed to do any substantive work in connection with the mortgage until you have accepted the offer.

Whether it is your solicitor who will be acting for us or our own solicitor, we will be instructing the solicitor in line with the Lenders’ Handbook for Scotland produced by the Council of Mortgage Lenders. Your solicitor will explain any implications of this to you.

## 14. COLLATERAL MORTGAGES

Occasionally we will need to have a mortgage from someone who is not the borrower. These are known as collateral or third party mortgages and we have a standard form of collateral mortgage which includes the Collateral Mortgage Conditions 2000. If this applies to you, we will send you a copy of the Collateral Mortgage Conditions 2000. We will also send a copy to the person giving the mortgage and granting the security.

## **15. BUY TO LET MORTGAGE**

**This final section only applies to your mortgage if we have offered it to you under our residential buy-to-let scheme (BTL).**

**If your mortgage is a BTL and our solicitors are also involved, you need to sign each page of the offer (where shown) and return it to us within 28 days of the date of this offer.**

**If your mortgage is a BTL, we have to approve any tenancy. We suggest that your solicitor deals with this but as a guide the following must apply.**

- The tenancy must be in writing and must be a short assured tenancy with a valid ground to notice served on the prospective tenants.
- The tenancy must allow you and us to get vacant possession at the end of the term. Your solicitor will explain this to you, but the most common form of tenancy which allows this is an assured shorthold tenancy.
- The tenant must be able to occupy the property for at least six months and no more than three years.
- If there is more than one tenant, you must get all tenants to sign one tenancy agreement so that each of the tenants is responsible for all of the rent and carrying out all of the obligations.
- You must tell the insurers about the tenancy if your insurance says you must.
- You must make sure that you keep to any regulations which may apply to letting properties. Your solicitor will tell you whether any regulations apply.
- You must not change the terms of the tenancy without us agreeing in writing.
- Landlord must be registered under the ASBO landlord licensing arrangement and any letting agent employed is also duly registered.

**If the property has a tenant when you buy it, the existing tenancy must also keep to these guidelines.**

These are the conditions which apply to your mortgage.

# The Mortgage Works (UK) plc

SCOTTISH RESIDENTIAL MORTGAGE CONDITIONS 2010

These conditions, the Scottish Residential Mortgage Offer Conditions 2010 and the mortgage offer are important documents. Please keep them in a safe place.

03/31898

AT EDINBURGH the eighth day of June 2010 the Deed hereinafter reproduced was presented for registration in the Books of the Lords of Council and Session for preservation and is registered in the said Books as follows:-

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## Variation of Standard Conditions

**We, The Mortgage Works (UK) plc, incorporated under the Companies Acts (Company Number 02222856) and having our Registered Office at Nationwide House, Pipers Way, Swindon, Wiltshire, SN38 1NW HEREBY DECLARE that, for the purposes of advances to be made by us secured by Standard Securities over land, buildings and any other heritable property in Scotland, the Standard Conditions specified in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended, and as set out in the Appendix to this booklet, shall apply subject to the following variations, unless and until otherwise provided, which variations shall be called the Scottish Residential Mortgage Conditions 2010.**

## Introduction

**This booklet contains the terms and conditions which apply to your mortgage. These terms and conditions form part of, and are to be read together with, any mortgage offer and Standard Security or other document.**

### **These conditions:**

- are legally binding on you and your guarantor if you have one;
- include the terms on which you must pay off your loan;
- explain to you what happens if you do not pay back the loan on the terms set out in these conditions; and
- set out restrictions which apply to the property.

**If you have any questions about these conditions, please contact your solicitor.**

### Words in **bold**

In this booklet some phrases would be used very often. To make the booklet easier to read and understand we have defined these phrases by using one or two words. These words are printed bold, listed below and are set out in alphabetical order.

The words

The meaning.

**advance**

The amount shown in the **offer** which is the amount **we** are going to lend to **you**.

**advance date**

The date of telegraphic transfer of the **advance** or part of the **advance**.

**conditions**

The Scottish Residential Mortgage Conditions 2010, which incorporate the **offer** and the **offer conditions**.

**costs and expenses**

The **costs and expenses** set out in condition 13.

**debt**

All the money **you** owe **us** at any time under the **mortgage** and these **conditions**, including interest **costs and expenses** and any further money **we** lend you on the security of the **standard security**.

**guarantee**

The document signed by the **guarantor** or **guarantors** if there is more than one.

**guarantor**

Any person who has guaranteed to pay **us** all or any part of **your debt** or guaranteed to carry out all or any of **your** obligations under the **mortgage** or these **conditions** (or both). References to the **guarantor** also include the **guarantor's** personal representatives.

**interest rate**

The rate of interest shown in the **offer** or the new rate of interest if **we** change it as allowed under these **conditions**.

**month**

One twelfth of a **year**.

<b>monthly payment</b>	The amount <b>you</b> must pay <b>us</b> each <b>month</b> as set out in the <b>offer</b> (or the new amount if <b>we</b> change it as allowed under these <b>conditions</b> ).
<b>mortgage</b>	The agreement between <b>you</b> and <b>us</b> which is set out in a legal document called a <b>standard security</b> which <b>you</b> sign. It refers to and incorporates these <b>conditions</b> and includes any terms in the <b>offer</b> and <b>offer conditions</b> which continue to apply after <b>we</b> have made the <b>advance</b> referred to in the <b>offer</b> . This gives <b>us</b> security over your property in return for us giving <b>you</b> the <b>advance</b> .
<b>mortgage statement</b>	A statement which shall include details of the <b>debt</b> at the beginning of the statement period; payments due and made during the statement period; the <b>debt</b> at the end of the statement period; the <b>interest rate</b> charged during the statement period on each part of the <b>debt</b> and any charges.
<b>offer</b>	The written <b>offer</b> we have made to <b>you</b> before the <b>mortgage</b> or <b>standard security</b> is signed and dated. This sets out the terms on which we agree to lend <b>you</b> the <b>advance</b> and any other offers, notices or letters <b>we</b> send to <b>you</b> and which <b>you</b> agree to which change the original offer. It includes the <b>offer conditions</b> .
<b>offer conditions</b>	The Scottish Residential Mortgage Offer Conditions 2010 which we sent to <b>you</b> , any <b>guarantor</b> or anyone who is to be party to the <b>mortgage</b> who is not the <b>borrower</b> , and which form part of the <b>offer</b> .
<b>planning acts</b>	The Town and Country Planning (Scotland) Acts, 1972-77, the Local Government Planning and Land Act 1980, the Town and Country Planning (Minerals) Act 1981, the Local Government and Planning (Scotland) Act 1982, the Town and Country Planning Act 1984, the Housing and Planning Act 1986, the Housing Act 1988, the Town and Country Planning Act 1990, the Town and Country Planning (Scotland) Act 1997, the Housing (Scotland) Act 2001 and any other Act in force from time to time relating to planning matters.
<b>policy</b>	Any assurance or insurance policies which provide security for the <b>debt</b> .
<b>policy owner</b>	The person who has the benefit of a <b>policy</b> .
<b>property</b>	The <b>property</b> described in <b>your mortgage</b> and any interest in it and over which <b>you</b> give us security in return for us giving <b>you</b> the <b>advance</b> .
<b>repayment period</b>	The period of time set out in the <b>offer</b> . This starts with the <b>advance date</b> and ends when <b>you</b> should have repaid the whole or an agreed part of the <b>debt</b> . <b>We</b> may change this period as allowed under the <b>conditions</b> .

<b>standard security</b>	The particular <b>standard security</b> granted by <b>you</b> in our favour or other document which says these conditions apply to it and which partly constitutes the <b>mortgage</b> .
<b>voluntary capital repayment</b>	In relation to an <b>annual interest mortgage</b> means:- a lump sum payment of £500 or more made at a time when all payments due under the <b>mortgage</b> have been made; and In relation to a <b>monthly interest</b> and <b>daily interest mortgage</b> means:- a payment other than a <b>monthly payment</b> made at a time when all payments due under the <b>mortgage</b> have been made.
<b>we, us and our</b>	The Mortgage Works (UK) plc and anyone who takes over any of our legal rights and duties under the <b>mortgage</b> .
<b>year</b>	A period of twelve months.
<b>you and your</b>	The people named as the borrower in the <b>mortgage</b> or <b>standard security</b> and anyone who takes over their legal rights and duties in the <b>mortgage</b> . (This does not include the <b>guarantor</b> ).

**Words importing the masculine gender shall include the feminine gender.**

**Any words in the singular include the plural and the other way round.**

**If there are two or more people named as the borrower, policy owner or the guarantor, any obligations or conditions in the mortgage, these conditions (or both) which affect or are given by these people will be binding on each person separately and all of them together. Each will therefore be personally liable for the debt and for carrying out any obligations under these conditions and not just a portion of any such liability.**

**Whenever we refer to an Act of Parliament it includes any change to it and all statutory instruments, orders and regulations made under it.**

**The headings to each condition do not affect the meaning of these conditions. If we mention a condition, it means one of these conditions.**

## Glossary

It may be helpful if we explain the following terms:

### Arrears

If a borrower does not make a monthly payment or does not repay the lender when the lender has had to make payments on the borrower's behalf, he or she is said to be in arrears. The arrears at any one time are usually known as the current arrears and are the total of all the arrears which have built up over the period of the loan including any interest or expenses which have accrued on those arrears.

### Assign

When a lender takes an insurance or assurance policy as security, it is usually assigned to that lender. This is similar to when a property is mortgaged or charged

*Bankruptcy (Scotland) Act 1985 as amended by the Bankruptcy (Scotland) Act 1993*

If you cannot pay your debts, you are said to be insolvent. This Act sets out various types of insolvency. Your solicitor will explain to you the ones referred to in these conditions.

### Capital

This is the amount you have borrowed at any one time. The lender may add further amounts to it.

For example, if a borrower does not pay interest, the lender may add this to the amount you have borrowed.

### Certifying the title

Before a loan can be drawn down, a solicitor (who may be acting either for the lender or the borrower, or both) has to certify that the title to the property is suitable as security. He does this by using a 'certificate of title'. Your solicitor will explain to you what is involved.

### Charge

In this context this is another word for mortgage. When a borrower gives a mortgage or charge to a lender, he or she is said to have mortgaged or charged his or her property.

The charge is normally created by the granting of a standard security by the borrower in favour of the lender over his or her property.

### Debris

If a property is burnt down, often very little of the building is left standing. The rubble which is left on the ground is the debris.

### Discretion

This means that a lender can decide what to do in their own interest without having to think about anyone else.

### Drawdown

When a lender makes a loan to a borrower this is known as a drawdown. If the loan is paid in instalments, there will be a number of drawdowns. If a borrower is entitled to borrow further amounts until they are drawn down, these are known as the undrawn loan.

### Endorsed

If a borrower arranges insurance for a property, a lender will always want their name shown on the policy. They have an interest in the policy because if the property is destroyed, it means their security is destroyed. If the lender's interest is noted on the policy, the insurer will not pay out on the policy without the lender's permission. Noting the lender's interest on the policy is called endorsing the interest.

### Heritable Creditor in possession

The person who has the benefit of security (defined below) is known as the heritable creditor. If the person who has given the security does not keep their responsibilities under the security, the heritable creditor is entitled to possession of the property and then becomes heritable creditor in possession.

### Executing

When you sign a document, you are said to execute it. As a company is not a person it cannot sign documents but is said to execute or be executing the documents.

### Indemnity

A borrower indemnifies a lender if he or she agrees to repay the lender, in full, for any costs and expenses which the lender has had to make because of the borrower. The borrower agrees to do this without saying that the lender has to carry out various actions before doing this. The agreement to do this is called an indemnity.

### Interest Types

**Annual Interest Mortgage** – this means a mortgage where the offer confirms that the interest will be calculated on an annual basis.

**Monthly Interest Mortgage** – this means a mortgage where the offer confirms that interest will be calculated on a monthly basis.

**Daily Interest Mortgage** – this means a mortgage where the offer confirms that interest will be calculated on a monthly basis and adjusted on a daily basis when transactions are applied to your mortgage account.

### Irrevocable

If a power of attorney is irrevocable, the borrower giving the power cannot later change his or her mind and cancel the power.

### Lapsed

With most insurance or assurance policies you have to pay premiums regularly. If the policy owner does not make the premium payments, after a while the policy is said to have lapsed.

### Outlays

When you buy a property you may have to pay stamp duty and you will always have to pay the cost of registering your deeds in the appropriate Sasine or Land Register. These are examples of outlays. It is a word used mainly by solicitors to give details of out-of-pocket expenses which have to be paid.

### Power of attorney

This is the document where someone can appoint someone else to carry out actions or sign documents for them. The person who is appointed is known as an attorney.

### Security

The mortgage or charge is what is known as security. If you do not pay back the loan to us or in some other way do not carry out your obligations under the mortgage or these conditions (or both), we can deal with the property as we wish. This can include selling the property so that we can use the amount we receive (after deductions) towards paying off your debt.

### Set off

If one person (the first person) owes another person (the second person) £20 and then later the second person owes the first person £10, the first person will usually only pay the second person £10. This is because he or she has 'set off' the later debt against the earlier debt.

### Statutory instruments

When the Government makes an Act of Parliament it is known as a statute. When some statutes are made, certain people are given power to make orders or rules under the statute. These orders or rules are called statutory instruments.

### Superior interest

If someone has a better interest in something, he or she has a superior interest. For example, the owner of the freehold interest in a property has a superior interest to the person who has a lease.

## 1. YOUR DEBT

**You** agree that the **mortgage** is **our** security not only for the **advance** but also for all the money that **you** now owe **us** or may owe **us** in the future. For example, this could be:

- a) the **debt**;
- b) any extra money **you** borrow from **us**;
- c) interest **costs and expenses**; and
- d) any other item which **you** owe **us** under the **mortgage** and these **conditions**.

These amounts can be owed to **us** by;

- a) **you** alone;
- b) **you** and another person or persons;
- c) **you** as a **guarantor**; or
- d) **you** in any way whatsoever.

## 2. MONTHLY PAYMENTS

- a) Depending on the rest of these **conditions you** agree to pay **us**;
  - i. a **monthly payment** each **month**;
  - ii. interest each **month** as part of the **monthly payment**;
  - iii. any extra amounts of money which **you** may owe **us** as set out in the **mortgage** and these **conditions**;
  - iv. a new **monthly payment** if **we** change it; and
  - v. the whole of **the debt** in full, or an agreed part, by the end of the **repayment period** or as otherwise provided in the **conditions**.
- b) **You** must make **monthly payments** on the payment day set by us each **month** until **you** have repaid the **debt**. If **we** change the amount of the **monthly payment**, **you** agree to make the new **monthly payments**.
- c) Depending on the other **conditions**, **you** agree that if **you** have a repayment **mortgage**, **we** can use the **monthly payments you** give **us** to repay any part of the **debt** however **we** decide is appropriate.
- d) If **you** cannot, or if **we** have agreed that **you** do not have to make a **monthly payment**, **we** will still charge interest at the **interest rate** on the **debt**.

## 3. INTEREST

### (a) INTEREST TYPES

#### i. INTEREST ON ANNUAL INTEREST MORTGAGES

**We** will charge interest on the **debt** at the **interest rate**. This is so even if a court has ordered **you** to pay some or all of the **debt**, provided that such interest will not be charged following a court judgment for payment of the amount unless the court orders otherwise.

**We** will charge interest for the whole of the **year** on the **debt** at the end of the previous **year**.

**We** will charge interest for the **year** on any money **we** lend **you** during the **year** from the date **we** send out the money.

**We** will charge interest on **costs, administration charges** and insurance premiums from the date **we** pay or incur them to the end of the **year**. If any of these items remain unpaid at the end of the **year**, they will become part of the **debt**.

If **you** fail to pay any interest on time during a **year** **we** may charge interest on the money in arrears from the date on which **you** should have paid it to the end of the **year** or, if earlier, the date on which **you** pay it.

Interest accrues from day to day.

If **you** make a **voluntary capital repayment we** will reduce the interest that **we** have charged for the **year** by the value of interest on the **voluntary capital repayment** from the first day of the following **month** to the end of the **year**.

**We** may change the **interest rate** during the **repayment period**.

**We** will only change the mortgage interest rate for one or more of the following reasons:

- to reflect changes in general interest rates, including the interest rates or terms on which similar accounts are offered by other providers of financial services;
- to reflect any changes or anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- to reflect changes to our costs, including administrative costs, costs involved in providing services or facilities or changes in the costs to us of borrowing funds;

- to reflect a change in the way the property is used or occupied;
- to reflect a change in the credit risk relating to the loan.

If **we** do change the **interest rate**, **we** will write and tell **you**. The change will affect **you** from the date shown in the letter.

ii. INTEREST ON MONTHLY INTEREST MORTGAGES

**We** will charge interest on the **debt** at the **interest rate**. This is so even if a court has ordered **you** to pay some or all of the **debt**, provided that such interest will not be charged following a court judgment for payment of the amount unless the court orders otherwise.

**We** will charge **you** interest at the **interest rate** on the amount of the **debt you** owe on a monthly basis.

**We** will charge interest for the **month** on any money **we** lend **you** during the **month** from the date **we** send out the money.

**We** will charge interest on **costs, administration charges** and insurance premiums from the date **we** pay or incur them to the end of the **month**. If any of these items remain unpaid at the end of the **month**, they will become part of the **debt**.

If **you** fail to pay any interest on time during a **month we** may charge interest on the money in arrears from the date on which **you** should have paid it to the end of the **month** or, if earlier, the date on which **you** pay it.

Interest accrues from day to day.

**We** may change the **interest rate** during the **repayment period**.

**We** will only change the mortgage interest rate for one or more of the following reasons:

- to reflect changes in general interest rates, including the interest rates or terms on which similar accounts are offered by other providers of financial services;
- to reflect any changes or anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- to reflect changes to our costs, including administrative costs, costs involved in providing services or facilities or changes in the costs to us of borrowing funds;
- to reflect a change in the way the property is used or occupied;

- to reflect a change in the credit risk relating to the loan.

If **we** do change the **interest rate**, **we** will write and tell **you**. The change will affect you from the date shown in the letter.

iii. INTEREST ON DAILY INTEREST MORTGAGES

**We** will charge interest on the **debt** at the **interest rate**. This is so even if a court has ordered **you** to pay some or all of the **debt**, provided that such interest will not be charged following a court judgment for payment of the amount unless the court orders otherwise.

**We** will charge interest for the whole of the **month** on the **debt** as at the end of the previous **month**.

**We** will charge interest for the **month** on any money **we** lend **you** during the **month** from the date **we** send out the money.

**We** will charge interest on **costs, administration charges** and insurance premiums from the date **we** pay or incur them to the end of the **month**. If any of these items remain unpaid at the end of the **month**, they will become part of the **debt**.

If **you** fail to pay any interest on time during a **month we** may charge interest on the money in arrears from the date on which **you** should have paid it to the end of the **month** or, if earlier, the date on which **you** pay it.

Interest accrues from day to day.

When **you** make a **monthly payment we** will reduce the interest which we have charged for that **month** by the value of interest (calculated at the **interest rate**) on the amount of **your** net payment from the day **we** receive it to the end of the **month**.

**We** may change the **interest rate** during the **repayment period**.

**We** will only change the mortgage interest rate for one or more of the following reasons:

- to reflect changes in general interest rates, including the interest rates or terms on which similar accounts are offered by other providers of financial services;
- to reflect any changes or anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- to reflect changes to our costs, including administrative costs, costs involved in providing services or facilities or changes in the costs to us of borrowing funds;

- to reflect a change in the way the property is used or occupied;
- to reflect a change in the credit risk relating to the loan.

If **we** do change the **interest rate**, **we** will write and tell **you**. The change will affect **you** from the date shown in the letter.

- You** agree to pay **us** interest, at the **interest rate** on the amount of the **debt** from the advance date.
- If **we** keep back part of the loan, we will only charge interest on the amount **we** have actually lent **you**.
- If **you** do not pay **us** interest by the date it is due or when we charge **you** interest, **we** will add the unpaid interest to the **debt**. **We** will treat this interest as part of the **debt**. From that point on **we** can charge **you** interest, at the **interest rate**, on the **debt** which will then include the unpaid interest.
- Depending on the other **conditions** and providing there are no arrears **you** agree that if you have a repayment mortgage, or if we receive more than is necessary to pay the interest due, after the interest has been paid **we** can use the monthly payments **you** pay to **us** to repay any part of the **debt** as we decide in our discretion.
- We** reserve the right to ask **you** to change from an interest only mortgage to a repayment mortgage.

## 4. YOUR RESPONSIBILITIES

During the **repayment period** and until **you** have paid the whole of the **debt** to **us**, **you** agree to the following:

- You** must keep to any obligation or restriction which affects the **property**. **You** must let **us** know immediately if anyone tells **you** that **you** are failing to do this.
- You** must promptly pay all charges, taxes, rents and rates relating to the **property**.
- You** must keep the **property** in good repair and condition, maintaining this standard by carrying out repair work when necessary.
- You** must comply with all laws and regulations which affect the **property**.
- You** must tell **us** in writing if **you** get a superior interest in the **property** or buy or get any land next to the **property**. If **you** get this interest or land, **you** must:
  - create a charge over the superior interest or land by entering into a new **mortgage** with **us** if **we** ask **you** to; and
  - give **us** the deeds within one **month** of when **you** get the superior interest or land.

Any new **mortgage** will be on similar terms to **your** existing **mortgage**.

- You** must make sure that **we** are protected from and against all legal action and claims arising from any broken obligation or restriction which affects the **property**. This includes not paying any amounts which **you** ought to pay as owner of the **property**.
- If **we** pay **you** the **advance** in instalments as work is being carried out to the **property**, **you** must make sure that the work is carried out to **our** reasonable satisfaction. This means without delay and within a time **we** consider reasonable.
- You** must not do any of the following before **you** get **our** written approval.
  - You** must not alter the **property** or change the use (as defined by the **planning acts**) of the **property**.
  - You** must not grant any tenancy, licence or other right or permission to another person or people to live in the **property**.
  - You** must not sell or transfer the **property** or any part of or interest in it whilst the **mortgage** still exists.
  - You** must not apply for any improvement or other grant for the **property** which may have to be paid back.
  - You** must not grant another **mortgage** or charge (or allow another **mortgage** or charge to be created) on the whole or any part of the **property**. The only **mortgage** allowed on the **property** is the one created by the **mortgage** and these **conditions**.
- You** must make sure that **you** keep to all conditions of the **planning acts**.
  - You** must send **us** a copy of any notice or order which **you** receive from any statutory authority or anyone claiming to exercise a statutory right over the **property** within 14 days of receiving the notice or order and **you** must comply with the notice or order if it is valid. **You** must also give **us** written notice of any steps which **you** intend to take in response to the notice or order and make any reasonable representations about the notice or order which **we** ask **you** to make.
  - You** must keep all conditions, notices, consents, or licences or, if **we** ask, join **us** in objecting or agreeing to them.
- You** must keep to any conditions **we** attach to any permission **we** give under these **conditions**.
- If **we** discharge the **standard security** before **you** have repaid the **debt**, **you** must immediately pay **us** the balance of the **debt** together with interest until payment.

## 5. POLICIES

- a) These provisions apply to every **policy** which is assigned to or deposited with **us** as security for the **debt**.
- b) **You** must promptly pay all premiums for the **policy** and not allow the **policy** or any replacement **policy**, to become void or lapsed. **You** must not do anything or fail to do anything which might prevent **us** from receiving all the money which the insurance company pays under the **policy**.
- c) **You** agree that if **you** have to pay the **debt** under the terms of condition 7, **we** will have full legal powers to deal with the **policy**. This means **we**:
  - i. will have the power to deal with the **policy** as if **we** owned it including the power to sell, assign, cash in or deal in any other way with the **policy**;
  - ii. will be able to collect any money due under the **policy** and any other amounts received from any dealing with the **policy**; and
  - iii. will use any amount **we** receive from the above to reduce or pay off the **debt**.

**You** agree that **you** have no right of recourse against **us** arising from our exercise of these powers to deal with the **policy**.

- d) If you do not pay any policy premiums or if the **policy** or any replacement becomes void or lapsed, **we** may do the following.
  - i. **We** may arrange a new **policy** or renew or restore the original **policy**.
    - **We** will arrange the new **policy** on the same life as the original **policy** or another life **we** choose.
    - **We** will arrange this **policy** for the same amount as would have been paid under the original **policy** if it had stayed in force.
    - Every new **policy** including all the money which may be paid out under it will be assigned to **us** and these **conditions** will apply to it in exactly the same way as they applied to the original **policy**.
    - **You** must pay all the **costs and expenses we** may incur in keeping the **policy** in force, or restoring any **policy** which has become void or lapsed or taking out a new **policy**.
    - **You** must pay **us** these **costs and expenses** when **we** demand.
    - **We** will charge **you** interest, at the **interest rate**, on this amount from the time **we** paid for it until **you** have paid **us** back.

- If **you** do not pay **us** back, **we** will add the amount of the **costs and expenses**, including interest, to the **debt**. These **costs and expenses** and interest will be secured on the **property**, the **policy** and any other new **policy**.
- ii. **We** may change the **policy** into a paid-up **policy** and keep it as extra security.
  - iii. **We** may give up the **policy**.
- e) When **we** receive the money from any **policy**, **we** will use it to pay off all or part of the **debt**.
  - f) Depending on (g) below, we will re-assign the **policy** back to **you** when **you** have repaid the **debt**. **We** will do this only at the request and cost of the person entitled to the benefit of the **policy**.
  - g) Unless and until the **policy** has been legally assigned to **us**, **you** must deposit the **policy** with **us**, if requested by **us**.

Whoever owns the **policy** appoints **us** (by way of security) to be his or her attorney in his or her name or otherwise to assign, give up or deal with the **policy** or the money from it. This appointment is irrevocable.

## 6. PROPERTY INSURANCE

- a) If **we** do not arrange the insurance, **you** must keep the buildings on the **property** insured with **our** interest endorsed on the insurance policy against any risks and for any amounts we have told your solicitor about. This means that **you** will insure the **property** for the amount it would cost to rebuild or replace it. **You** must also have insurance to cover extra costs such as:
  - i. architects', surveyors' and other professional fees;
  - ii. demolition costs;
  - iii. the costs of removing debris and shoring up; and
  - iv. the extra cost of meeting any building and government regulations under local authority by-laws or under any statutory requirements.

**You** should make sure the sum insured is index linked. Please send a copy of the insurance schedule and the policy to **your** solicitor as he will require to confirm to **us** that the insurance arrangements satisfy **our** requirements before **we** will release the **advance** or any part of it. **We** will make an administration charge to cover the cost of making sure that **your** own insurance arrangements are satisfactory.

**You** must pay the insurance premiums immediately they fall due and if asked **you** must show **us** receipts for the premiums within fourteen days of any such request. If you fail to do so **we** may insure the **property** in terms of Condition 6(b) below

- b) If **we** arrange the insurance, the following will apply.
  - i. **You** will pay for this insurance.
  - ii. The insurance will be held in the joint names of **you** and **us** and any other person or organisation **we** have approved.
  - iii. **We** will arrange for insurance which will cover the risks **we** consider appropriate.
  - iv. The value of the insurance will be the full rebuilding cost of the **property**.

This means that the **property** is insured for the amount it would cost to rebuild or replace it. It will also be insured to cover extra costs such as:

- i. architects', surveyors' and other professional fees;
- ii. demolition costs;
- iii. the costs of removing debris and shoring up; and
- iv. the extra cost of meeting any building and government regulations under local authority by-laws or under any statutory requirements.

The sum insured will be linked to the House Rebuilding Cost Index prepared by the Royal Institution of Chartered Surveyors or any other index **we** or the insurers decide to use.

- c) If **we** arrange the insurance, **we** will get it from an insurance company or an agency who **we**, at the time, consider suitable. **We** may keep any commission or benefit we receive in connection with the insurance of the **property**.
- d) If **you** arrange the insurance and **you** receive the insurance money, **you** agree to hold it in trust for **us**. Or, if **we** are acting on **your** behalf and receive the insurance money, **we** will use it as set out in condition (f) below.
- e) **You** agree that **we** have full power to settle and adjust (negotiate) any claims with the insurers.
- f) Any money that **you** or **we** receive under the insurance policy will be used to repair the **property** or, if **we** choose, towards paying off the **debt**.
- g) If the **property** is leasehold and the lease says that the landlord insures or the tenant insures with a specific insurance company or if the title deeds to your property require it to be insured under a block policy, **we** will accept this as long as **you** agree to:
  - i. make sure that the insurance is arranged in line with the lease or the title deeds;
  - ii. continue to try **your** best to make certain that the insurance is on the same terms as if we were insuring the **property** as set out in condition 6(b); and
  - iii. make certain that **our** interests are endorsed (shown) on the insurance policy. If **you** are not allowed to make this endorsement, **you** must tell the insurance company about **our** interest.

- h) If **you** have said that **you** will insure the **property** but **you** fail to do this, or **you** fail to provide **us** with the evidence of insurance which **we** require or **you** arrange the insurance and it does not agree with the terms **we** require, **we** may (but do not have to) insure the **property**. If **we** do, **you** must repay **us** all premiums we have paid as soon as **we** ask **you** to do so. **You** also agree to pay interest, at the **interest rate**, from the time **we** paid the premiums until **you** repay **us**. Until **you** repay these amounts **we** will add them to **your debt** and they will be secured on the **property** and any **policy** if there is one.
  - i) **You** must not do or allow anything to be done which may change the insurance or bring it to an end or which may increase the insurance premiums. **You** must tell **us** immediately if **you** become aware of anything which may affect the validity of the insurance policy.
  - j) If **you** abandon the **property** or leave the **property** in such condition that **we** have reasonable cause to believe that the **property** has been abandoned **you** authorise **us** without any notice being required to enter upon the **property** to secure it and to do whatever we may consider is necessary to protect the **property** and insurance arrangements and that whether or not we have taken any steps to recover possession of the **property**.
  - k) **We** do not guarantee that any insurance we arrange will be adequate.

## 7. OUR RIGHTS AND POWERS

- a) If **you** break or do not keep to any of these **conditions**, **we** may carry them out on **your** behalf.
  - i. If **we** do, **you** agree to immediately repay **us** any **costs and expenses** involved if **we** ask **you** to.
  - ii. **You** agree to pay **us** interest, at the **interest rate**, on any **costs and expenses** from the time **we** pay them until **you** repay **us**.
  - iii. Until **you** have repaid this amount, **we** will add it to the **debt** and it will be secured on the **property** and the **policy** if there is one.
- b) Until **you** have repaid the **debt** in full, **we** may enter and inspect the **property** at any time. However, **we** will give **you** reasonable notice. **We** may also enter and do any work to the **property** which **you** have failed to do. If **we** do enter the **property** for this reason, it does not mean that **we** have accepted the legal responsibilities of a "heritable creditor in possession" (see the glossary).
- c) **We** can ask **you** to pay the **debt** to **us** immediately if:
  - i. **you** fail to pay any of the **monthly payments** or any other payments which **you** should make on the day they are due;

- ii. **you** break or do not keep to any other obligation set out or implied by the **mortgage**, the **conditions** or any other agreement in connection with the **mortgage**;
  - iii. with reference to the Bankruptcy (Scotland) Act 1985, as amended by the Bankruptcy (Scotland) Act 1993, **you** are insolvent, petition the Court for **your** own sequestration (bankruptcy), **you** are sequestrated (made bankrupt) on the petition to the court of any other person, or **you** grant a voluntary trust deed for **your** creditors (the people or organisations **you** owe money to);
  - iv. any compulsory purchase order is made or confirmed over all or any part of the **property**;
  - v. the **guarantor** (or any of the **guarantors** if there is more than one) terminates the **guarantee** in any way or if, for any reason, the **guarantee** becomes invalid or unenforceable or if any of the events in condition 7(c)(iii) above apply to the **guarantor**.
  - vi. **you** fail to pay in full the **costs and expenses** set out in condition 13 below;
  - vii. it is found that any warranty or statement given to **us** by **you** or by someone on **your** behalf before the **standard security** was signed is wrong or was untrue or inaccurate at the time when it was given;
  - viii. a security holder other than **us** serves a Calling-Up Notice on **you** in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970 or otherwise takes steps to enforce their security;
  - ix. the **property** appears to have been abandoned by **you** so that, in **our** opinion damage to the **property** may result.
- d) At any time after the **debt** has become payable immediately by **you** to **us**, **we** may do any of the following:-
- i. exercise all rights conferred upon us by the Conveyancing and Feudal Reform (Scotland) Act 1970, the Standard Conditions specified in Schedule 3 to the said Act and also all other remedies available to **us** under these **conditions**, the **mortgage**, the **standard security**, by statute generally or at common law;
  - ii. serve notice on **you** in writing asking **you** to vacate the **property** within 7 days. At the end of that 7 day period if **you** and any other occupants of the **property** have not moved out of the **property** and left it empty, **you** agree that a warrant of summary ejection may competently proceed against **you** in the relevant Sheriff Court;
  - iii. enter into possession of the **property**;
  - iv. sell the **property**, whether or not **we** have actually entered into possession;
  - v. do anything else which the law allows and which **we** consider appropriate in connection with the **property** or for recovering or enforcing payment of the **debt**;
  - vi. as **your** agent and at **your** expense, remove, store, keep, sell or otherwise get rid of any goods or animals which **you** have failed or refused to move from the **property**. **We** will not be responsible for any loss or damage caused by any such actions. This condition does not mean that **we** automatically have a right to any goods or animals at the **property** or to any security over them.
  - vii. lease the **property** in terms we think appropriate. **We** will be entitled to receive the rents and manage the **property** as if **we** were the owner of it.
  - viii. if the **property** is already let, **we** may collect any rent being paid by the tenant. If the **property** has been let furnished, **we** may treat all the rent as being paid for the **property**.
- e) If **we** take possession of the **property**, **we** may give it up at any time. If **we** give up possession, **we** will write to tell **you**.
- f) **Our** powers as set out in the **mortgage** and these **conditions** are extra and do not replace any other power or remedy **we** have by law.
- g) If **we** sell the **property** using **our** power of sale, **we** will have the power to transfer, to the person **we** sell the **property** to, the benefit of any agreement to repair the **property** between **you** and the National House Building Council or any other similar person or organisation. **We** can also transfer any indemnity or rights **you** have under this type of agreement.

## 8. TRANSFERRING THE MORTGAGE

- a) **You** agree that **we** may, at any time, transfer to any person all or any part of (including the benefit of any individual rights):
- i. the **mortgage**;
  - ii. any other security (including any **policy**) or guarantee (including any guarantee given by a **guarantor**) in favour of **us**.

**We** can do this in any way **we** consider appropriate.

If this happens, the following will apply.

- i. The **debt** at the date the transfer takes place will be the **debt you** will owe the new owner of the **mortgage**. Interest will accrue (build up) on this amount from the date of the transfer at the rate at which it is accruing under the **mortgage** immediately before the transfer took place. This will be the case until the **interest rate** is changed.

- ii. Any person to whom **we** transfer the **mortgage**, will replace **us** and be entitled to use all rights and powers which **we** could exercise before the transfer under any **mortgage** or **standard security** transferred including, but not limited to, the power to vary the **interest rate**.
- b) **You**, the **policy owner** and the **guarantor** authorise **us** to release information about **you**, the **policy owner** and **guarantor** to the person **we** transfer the **mortgage** to.
- c) **You** will be bound by any statement of fact made by **us** in the terms of the transfer unless **we** have made the statement without taking reasonable care.

## 9. POWER OF ATTORNEY

- a) As security **you** irrevocably appoint **us** to be **your** attorney. **We** will have full power to act in **your** name and on **your** behalf, either separately or jointly.
  - i. The attorney will be able to sign any deed or document and to do all acts and things which **you** should sign or do under these **conditions** or which are needed to allow any of **our** rights and powers under the **mortgage** or these **conditions** or by statute or by common law to be effectively exercised or for any of the following purposes:-
    - to make good or preserve **your** title to the **property** or **our** title to the **mortgage**;
    - to exercise or enforce any rights in and to the **property** and to receive or recover any money which becomes payable under them;
    - to give any notice and take any proceedings which are needed to exercise, enforce or recover any of the rights in or to the **property**;
    - to transfer any shares to a buyer of the **property** or to exercise any votes attached to the said shares;
    - to apply for any planning permission or other consent;
    - to bring any lease to an end or to vary its terms;
    - to complete an assignation of any **policy** to **us** or to do any other act in connection with a **policy** in terms of condition 5 above.
- b) Without affecting condition 9(a) above **we** may receive any money which is paid to **you** under an agreement, insurance or guarantee relating to repairing the **property** or putting right any faults. **We** will use any money that **we** will receive under this condition as under condition 6(f) above.

## 10. PAYING YOU THE REST OF THE ADVANCE

If **we** pay the **advance** in instalments or where **we** held back some of the **advance**, the following will apply.

- a) **We** will pay **you** the rest of the **advance** in such instalments and at such times as **we** decide bearing in mind the terms of the **offer**.
- b) **We** do not have to pay the rest of the **advance** or any part of it if **you** have failed to perform any of **your** obligations under the **mortgage** and these **conditions** or with reference to the Bankruptcy (Scotland) Act 1985, as amended by the Bankruptcy (Scotland) Act 1993 **you** are insolvent, petition the court for **your** own sequestration (bankruptcy), **you** are sequestrated (made bankrupt) on the petition to the court of any other person, or **you** grant a voluntary trust deed for **your** creditors (the people or organisations **you** owe money to).

## 11. UNFINISHED WORK

If, after **you** have received part of the **advance** or any further advance, **you** leave any building which forms part of the **property** unfinished, **we** may;

- a) sell the **property** as it is; or
- b) complete the building at **your** cost.

**We** can demand that **you** pay all **costs and expenses** arising from this and **we** will add any **you** do not pay to the **debt** which will then be secured on the **property** and the **policy** (if there is one). Interest will be charged on them from the date **we** made the payments until **we** are repaid.

## 12. REPAYING THE DEBT EARLY

If **you** are responsible for any extra costs for repaying the **debt** before the end of the **repayment period**, **we** will have set this out in the **offer**.

## 13. COSTS AND EXPENSES

- a) **You** must pay to **us** all **costs and expenses** which **we** have incurred in connection with the **mortgage**.

They include, but are not limited to, all **costs and expenses** which **we** must pay to any other person in connection with any of the items listed in condition 13(b) and all administration costs incurred by **us** in doing any work in connection with any of the items listed in condition 13(b).

- b) The items referred to in condition 13(a) are:-
  - i. creating, protecting, preserving or enforcing **our** security;
  - ii. recovering any of the **debt**;

- iii. exercising any of **our** rights and powers whether in terms of the **conditions** or by statute;
- iv. bringing or defending any legal proceedings (whether or not **you** are a party to the proceedings);
- v. storing and producing any title deeds or documents relating to the **property** or any **policy** (including copies);
- vi. keeping and producing any records concerning the **mortgage**;
- vii. giving or refusing any consent which **you** asked **us** to give under these **conditions**;
- viii. insuring the **property**;
- ix. discharging or transferring the **mortgage**;
- x. releasing the **property** or any part of the **property** or any **policy** from **our** security;
- xi. doing any work or making any payment which is needed to put right any failure of **yours** to keep to these **conditions**;
- xii. doing any work required to any private access leading to the **property** or to any drains or sewers serving the **property**;
- xiii. keeping any **policy** in force or taking out any replacement **policy**; and
- xiv. complying with any request **you** or anyone with **your** authority make to **us**.

These items are given as examples of **our costs and expenses** and are not intended to be an exhaustive list.

- c) **You** must pay all **costs and expenses we** refer to in the **conditions** when **we** demand. Until **you** repay them **we** will add them to the **debt** plus any interest that accrues, at the **interest rate**, from the date when the **costs and expenses** arose until **you** repay them. Until **you** repay them they will be secured on the **property** and **policy** (if there is one). Although **we** will add the **costs and expenses** to the **debt** where they will accrue interest from the date they are added, **you** can avoid this extra interest by paying the **costs and expenses** as soon as they arise.

## 14. REPAYMENT PERIOD

If **you** ask **us** to extend or shorten the **repayment period** and **we** agree, **we** will send **you** a written notice of the change. This change will apply from the date shown in the notice.

## 15. MORTGAGE STATEMENT

**We** will send **you** a **mortgage statement** at least once a year for each separate account.

## 16. OTHER CONDITIONS

- a) **You** agree to repay the **debt** if **we** serve on **you** a Calling-up Notice in terms of Section 19 of the Conveyancing and Feudal Reform (Scotland) Act, 1970. Repayment of the **debt** will fall due 2 months after the date of service of the Calling-up Notice. This applies as well as any of **our** other rights set out in these **conditions**, the **mortgage**, the **offer** and the **offer conditions** or any other communication between **you** and **us**.
- b) The **mortgage** will be security for all the money that **you** owe or will owe **us** on any account. **We** will not release any property **we** are holding as security until **you** have paid **us** all the money **you** owe **us**, unless at **our** sole discretion.
- c) A statement of the total amount of the **debt** prepared and signed by one of **our** authorised officers will be taken as a correct statement unless there is an obvious mistake.
- d) The **offer** and the **offer conditions** form part of these **conditions** and are to be read together with the **standard security** or other document forming part of the **mortgage**. If their terms are not consistent they will prevail in the following order:-
  - i. the **offer**;
  - ii. the **offer conditions**;
  - iii. the **standard security**;
  - iv. these **conditions**.
- e) **We** shall be entitled to authorise a Solicitor to record in the Register of Sasines or Register in the Land Register for Scotland a formal Discharge of the **standard security** and to sign a warrant of registration for that purpose if **we** should decide to discharge the **standard security** for any reason at **our** discretion.

## 17. NOTICES

With the exception of Calling-Up Notices and Notices of Default under the Conveyancing and Feudal Reform (Scotland) Act 1970 and Notices under the Mortgage Rights (Scotland) Act 2001 any notices which **we** send pre-paid post addressed to **you**, the **policy owner** or **guarantor** at the property address or at the last address intimated to **us** in writing will be treated as being received no later than 48 hours after **we** posted the notice. This will be the case, even if the notice is returned undelivered or if either **you**, the **policy owner** or the **guarantor** have died. The notice will come into effect on the date stated in it. If no date is stated however it will come into effect 48 hours after **we** posted the notice. If there is more than one of **you**, **we** will give notice to all of **you** by addressing the notice to all of **you** and posting it to the property address or the last address of whichever of **you** is named first in **our** records.

**We** may cancel any notice at any time before it comes into effect by giving **you** notice as prescribed in the preceding paragraph.

## 18. NOT ENFORCING OUR RIGHTS

If **we** decide not to enforce any of **our** rights and powers under the **mortgage** or these **conditions**, it will not mean **we** cannot enforce that right in the future. If **you** break a term of the **mortgage** or these **conditions**, and **we** choose not to enforce **our** rights, this does not mean that **we** will overlook it if **you** break the same or any other similar term afterwards.

## 19. NOT USING YOUR RIGHTS OF SET OFF

**You** agree that **you** will not use **your** rights of set off against;

- a) the **debt**;
- b) any of the money **we** owe **you**;
- c) any money **you** say **we** owe **you**; or
- d) any obligations or liabilities from **us** to **you**.

This applies whether the money, obligations or liabilities arose from the **mortgage**, the **offer**, the **policy** (if any), the **property**, these **conditions** or any other documents or transaction entered into in connection with the **property**.

## 20. GUARANTOR

- a) Where there is a **guarantor**, the **guarantor** guarantees to pay **us** the **debt** on demand. **We** will be entitled to treat the **guarantor** as a principal debtor so that his liability to **us** will be discharged or reduced only if something happens which would have discharged or reduced the liability of the principal **debtor**.
- b) Until the **debt you owe us** has been repaid in full, the **guarantor** agrees not to do any of the following:-
- i. claim any money from **you**;
  - ii. enforce any security against **you**;
  - iii. assert any right of subrogation or indemnity against **you**;
  - iv. make any claim in **your** bankruptcy; or
  - v. revoke the **guarantee**.
- c) the **guarantor** will not be liable for any further loan or interest on that further loan unless **we** make the further loan with the consent of the **guarantor**.

## 21. SHORTFALL

If **we** sell the **property** as heritable creditor in possession and **we** do not receive enough to repay the **debt** including **costs and expenses**, **you** will remain liable for any outstanding sums, whether or not **you** may have given up voluntary possession of the **property** to **us**.

## 22. GOVERNING LAW

The **conditions** and the **mortgage** are governed by and shall be construed in accordance with the Law of Scotland:

IN WITNESS WHEREOF these presents consisting of this and the preceding twenty eight pages are sealed with the Common Seal of The Mortgage Works (UK) plc and signed for us and on our behalf by Andy McQueen, director and Julyan Paul, secretary, duly authorised by us to act in that behalf in terms of resolutions dated 28 August 2007 and 1 February 2010 respectively, together at Swindon on the seventh day of June 2010.

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

**EXTRACTED by me having commission to that effect from the  
Keeper of the Registers of Scotland.**

In the following Appendix – the debtor means you, the creditor means us, security subjects and subjects means the property.

## Appendix

# Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended) Schedule 3 The Standard Conditions

### Maintenance and repair

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

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

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

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

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

### Planning Notices, etc.

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

### Insurance

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

### Restriction on letting

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

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

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

## Calling-Up

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

## Default

- 9.
- (1) The debtor shall be held to be in default in any of the following circumstances, that is to say-
- (a) where a calling-up notice in respect of the security has been served and has not been complied with;
- (b) where there has been a failure to comply with any other requirement arising out of the security;
- (c) where the proprietor of the security subjects has become insolvent.
- (2) For the purposes of this condition, the proprietor shall be taken to be insolvent if -
- (a) he has become notour bankrupt, or he has executed a trust deed for behoof of, or has made a composition contract or arrangement with, his creditors;
- (b) he has died and a judicial factor has been appointed under section 11A of the Judicial Factors (Scotland) Act 1889 to divide his insolvent estate among his creditors, or his estate falls to be administered in accordance with an order under section 421 of the Insolvency Act 1986;
- (c) where the proprietor is a company, a winding up order has been made with respect to it, or a resolution for voluntary winding-up (other than a members' voluntary winding-up) has been passed with respect to it, or a receiver or manager of its undertaking has been duly appointed, or possession has been taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property of the company comprised in or subject to the charge.

## Rights of creditor on default

- 10.
- (1) Where the debtor is in default, the creditor may, without prejudice to his exercising any other remedy arising from the contract to which the standard security relates, exercise, in accordance with the provisions of Part II of this Act and of any other enactment applying to standard securities, such of the remedies specified in the following sub-paragraphs of this standard condition as he may consider appropriate.
- (2) He may proceed to sell the security subjects or any part thereof.
- (3) He may enter into possession of the security subjects and may receive or recover feu duties, ground annuals or, as the case may be, the rents of those subjects or any part thereof.
- (4) Where he has entered into possession as aforesaid, he may let the security subjects or any part thereof.
- (5) Where he has entered into possession as aforesaid there shall be transferred to him all the rights of the debtor in relation to the granting of leases or rights of occupancy over the security subjects and to the management and maintenance of those subjects.
- (6) He may effect all such repairs and may make good such defects as are necessary to maintain the security subjects in good and sufficient repair, and may effect such reconstruction, alteration and improvement on the subjects as would be expected of a prudent proprietor to maintain the market value of the subjects, and for the aforesaid purposes may enter on the subjects at all reasonable times.
- (7) He may apply to the court for a decree of foreclosure.

### Exercise of right of redemption

11.
  - (1) The debtor shall be entitled to exercise his right (if any) to redeem the security on giving notice of his intention so to do, being a notice in writing (hereinafter referred to as a “notice of redemption”).
  - (2) Nothing in the provisions of this Act shall preclude a creditor from waiving the necessity for a notice of redemption, or from agreeing to a period of notice of less than that to which he is entitled.
  - (3)
    - (a) A Notice of redemption may be delivered to the creditor or sent by registered post or recorded delivery to him at his last known address, and an acknowledgement signed by the creditor or his agent or a certificate of postage by the person giving the notice accompanied by the postal receipt shall be sufficient evidence of such notice having been given.
    - (b) If the address of the creditor not known, or if the packet containing the notice of redemption is returned to the sender with intimation that it could not be delivered, a notice of redemption may be sent to the Extractor of the Court of Session and an acknowledgement of receipt by him shall be sufficient evidence of such notice having been given.
    - (c) A notice of redemption sent by post shall be held to have been given on the day next after the day of posting.
  - (4) When a notice of redemption states that a specified amount will be repaid, and it is subsequently ascertained that the whole amount due to be repaid is more or less than the amount specified in the notice, the notice shall nevertheless be effective as a notice of repayment of the amount due as subsequently ascertained.
  - (5) Where the debtor has exercised a right to redeem, and has made payment of the whole amount due, or has performed the whole obligations of the debtor under the contract to which the security relates, the creditor shall grant a discharge in the terms prescribed in section 17 of this Act.
12. The debtor shall be personally liable to the creditor for the whole expenses of the preparation and execution of the standard security and any variation, restriction and discharge thereof and, where any of those deeds are recorded, the recording thereof, and all expenses reasonably incurred by the creditor in calling-up the security and realising or attempting to realise the security subjects, or any part thereof, and exercising any other powers conferred upon him by the security.

### Interpretation

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

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





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

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