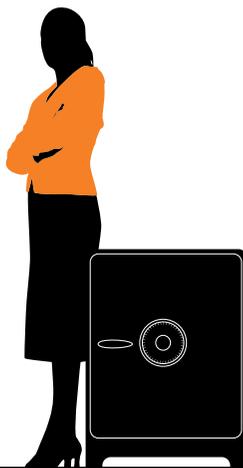


Mortgage Conditions: 2009

These conditions and the mortgage offer are important documents.
Please keep them safe.



This booklet contains the terms and conditions which apply to your mortgage.

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 conveyancer.

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Words in bold

In this booklet some phrases are used very often. To make the booklet easier to read and understand we have defined these phrases by using one or two words.

The words	The meaning
advance	The amount shown in the offer which is the amount which we are going to lend to you .
advance date	The date of our cheque or telegraphic transfer of the advance or part of the advance .
conditions	The Mortgage Conditions 2009, which incorporate the offer and the offer conditions .
costs and expenses	The conditions set out in condition 13.
debt	The advance together with all money, liabilities, principal, interest, costs, commission, charges and expenses (which, for the avoidance of doubt and in no way limiting the generality of these words, shall include any further advance made by us to you) now or subsequently due or owing from you to us whether actually or contingently whether as principal or surety and whether solely or jointly with any other person or in any manner whatsoever.
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).
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	A calendar month.
monthly payment	The amount you must pay us each month as set out in the offer (or the new amount if we change it as allowed under these conditions).
mortgage	The agreement between you and us which is set out in a mortgage deed, the offer , the offer conditions and these conditions . This gives us security over your property in return for us giving you the advance .
mortgage statement	A statement which shall include details of the debt at the beginning of the statement period; payments due and made during the statement period; the debt at the end of the statement period; the interest rate charged during the statement period on each part of the debt and any charges.
occupation leases	All the leases, tenancies or agreements for leases and tenancies and all the licences or other documents which give details of how the property may be occupied. It also includes any documents related to any of these leases and tenancies or agreements for these leases and tenancies.
offer	The written offer we have made to you before the mortgage is signed and dated. This sets out the terms on which we agree to lend you the advance and any other offers , notices or letters we send to you and which you agree to which change the original offer . It includes the offer conditions .

offer conditions	The Mortgage Offer Conditions 2006 which we sent to you , any guarantor or anyone giving a mortgage who is not the borrower, and which form part of the offer .
policy	Any assurance or insurance policies which provide security for the debt .
policy owner	The person who has the benefit of a policy.
property	The property described in your mortgage and any interest in it.
rents	Rents or other amounts (other than insurance premiums, service charges or similar payments) which the tenants pay under any occupational leases including any relevant Value Added Tax (VAT) and all insurance money paid to cover loss of rent and any deposits.
repayment period	The period of time set out in the offer . This starts with the advance date and ends when you should have repaid the whole or an agreed part of the debt . We may change this period as allowed under the conditions .
voluntary capital repayment	In relation to an annual interest mortgage means: a lump sum payment of £500 or more made at a time when all payments due under the mortgage have been made; and in relation to a monthly interest and daily interest mortgage means: a payment other than a monthly payment made at a time when all payments due under the mortgage have been made.
we, us and our	The Mortgage Works (UK) plc and anyone who takes over any of our legal rights and duties under the mortgage .
you and your	The people named as the borrower in the mortgage and anyone who takes over their legal rights and duties in the mortgage . (This does not include the guarantor).
year	A calendar year.

Words importing the masculine gender shall include the feminine and neutral genders.

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 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 jointly.

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:

Absolute title

The Land Registry puts various types of title (ownership) to property into various categories of which this is one. If you hold an absolute title, you have a better right to the property than anyone else.

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.

Assign

When a lender takes an insurance or assurance policy as security, the benefit of that policy is usually passed (assigned) to that lender. This is similar to when a property is mortgaged or charged.

Bill of sale

In certain circumstances a mortgage over objects, such as the contents of a house, is known as a bill of sale. Special rules apply to bills of sale. The conditions make it clear that the lender will never have a mortgage over these objects and so a bill of sale will never arise.

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 conveyancer (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. They do this by using a 'certificate of title'. Your conveyancer 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.

Consolidating

This means joining two different things together. When two mortgages or loans are joined together, they are consolidated.

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.

Deposited

Another way of creating security is for a borrower to give a lender an object or a deed for them to hold. The lender holds the object or deed and does not give it back until it has been repaid. The borrower, by doing this, is said to have deposited the object or deed with the lender.

Disbursements

When you buy a property you may have to pay Stamp Duty Land Tax and you will always have to pay a Land Registry fee. These are examples of disbursements. It is a word used mainly by conveyancers to give details of out-of-pocket expenses which have to be paid.

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.

Equitable charge

This is an informal charge usually created by a lender holding documents which belong to a borrower and which are evidence of who owns the property.

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 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.

Insolvency Act 1986

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

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.

Mortgagee in possession

The person who has the benefit of security is known as a mortgagee. If the person who has given the security does not keep to their responsibilities under the security, the mortgagee is entitled to possession of the property and then becomes mortgagee in possession.

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.

Receiver

This is someone who is appointed by the lender under a mortgage when the borrower does not keep to his or her responsibilities.

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. Also, a mortgagee who has a mortgage which is dated before another mortgage has a superior charge.

1. Your debt

1.1 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:

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

These amounts can be owed to us by:

- you alone;
- you and another person;
- you as a **guarantor**; or
- you in any way whatsoever.

2. Monthly payments

2.1 Depending on the rest of these **conditions** you agree to pay us:

- a **monthly payment** each month;
- **interest** each month as part of the **monthly payment**;
- any extra amounts of money which you may owe us as set out in the **mortgage** and these **conditions**;
- the new **monthly payment** if we change it; and
- the whole of the **debt** in full, or an agreed part, by the end of the **repayment period**.

2.2 You must make **monthly payments** on the payment date set by us each **month** until you have repaid the **debt**. If we give you notice of other dates, you agree to make the **monthly payments** on these other dates. Also, if we change the amount of the **monthly payment**, you agree to make the new **monthly payments**.

2.3 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.

2.4 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

3.1 INTEREST TYPES

(a) 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 judgement

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 the **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, in accordance with condition 3.6, change the **interest rate** during the **repayment period**. 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.

(b) 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**, providing that such interest will not be charged following a court judgement 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, in accordance with condition 3.6, change the **interest rate** during the **repayment period**. 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.

(c) 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 judgement 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, in accordance with condition 3.6, change the **interest rate** during the **repayment period**. 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.

3.2 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.

3.3 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.

3.4 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.

3.5 We reserve the right to ask you to change from an interest only mortgage to a repayment mortgage.

- 3.6 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.

4. Your responsibilities

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

1. 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.
2. You must promptly pay all charges, taxes, rents and rates relating to the **property**.
3. You must keep the **property** in good repair and condition, maintaining this standard by carrying out repair work when necessary.
4. You must comply with all laws and regulations which affect the **property**.

- 4.5 You must tell us in writing if you do either of the following:
- (a) If you want to extend the lease on the **property**. If you do want to extend the lease, you must:
- give us a copy of the notice of extension;
 - give us the lease and any of the other deeds within one month of when it is granted to you; and
 - create a charge over the lease by entering into a new **mortgage** with us if we ask you to.
- (b) 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**.

- 4.6 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**.
- 4.7 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.
- 4.8 You must not do any of the following before you get our written approval:
- (a) You must not alter the **property** or change the use (as defined by the Planning Acts) of the **property**.
- (b) You must not grant any tenancy licence or other right or permission to another person or people to live in the **property**. You agree that any rights you have under Sections 99 and 100 of the Law of Property Act 1925 to create or agree to create tenancies or surrender (give up) or agree to surrender tenancies do not apply to this **mortgage** and these **conditions**.
- (c) You must not sell or transfer (or agree to sell or transfer) the **property** or any part of or **interest** in it. However, we will not unreasonably withhold our permission to you transferring the **property** to a person entitled to your estate when you die.
- (d) You must not apply for any improvement or other grant for the **property** which may have to be paid back.

- (e) 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**.

- 4.9 You will apply to HM Chief Land Registrar in your Mortgage Deed for entry of the following restrictions in the Proprietorship Register of the **property**.

“No Disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated [] in favour of The Mortgage Works (UK) plc referred to in the Charges Register.”

- 4.10 You must make sure that you keep to all **conditions** of any Town and Country Planning laws and regulations.
- You must tell us within ten days of receiving any **conditions**, notices, consents or licences made under planning control which are likely to affect the **property**.
 - You must keep to all **conditions**, notices, consents or licences or, if we ask, join us in objecting or agreeing to them.
- 4.11 You must keep to any **conditions** we attach to any permission we give under this condition.
- 4.12 You comply with the obligations set out in section 213 of the Housing Act 2004 (where applicable).

5. Policies

- 5.1 This condition applies to every policy which is assigned to or deposited with us as security for the **debt**.
- 5.2 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.
- 5.3 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:
- 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;
 - will be able to collect any money due under the policy and any other amounts received from any dealing with the policy; and
 - will use any amount we receive from the above to reduce or pay off the **debt**.

- 5.4 If you do not pay any policy premiums or if the policy or any replacement becomes void or lapsed, we may do the following:

- (a) 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 spend 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.
- (b) We may change the policy into a paid-up policy and keep it as extra security.
- (c) We may give up the policy.

- 5.5 When we receive the money from any policy, we will use it to pay off all or part of the **debt**.
- 5.6 Depending on 5.7 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.
- 5.7 Unless and until the policy has been legally assigned to us, you must deposit the policy with us. We will have an equitable charge on the policy.

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

- 6.1 If insurance is not arranged through a member of the Nationwide Building Society Group, you shall 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 conveyancer 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:
- architects', surveyors' and other professional fees;
 - demolition costs;
 - the costs of removing debris and shoring up; and
 - the extra cost of meeting any building and government regulations under local authority bylaws.
- You should make sure the sum insured is index-linked. Please send a copy of the insurance schedule and the policy to your conveyancer who will check that the cover is sufficient. We will make an administration charge to cover the cost of making sure that your own insurance arrangements are satisfactory.

- 6.2 If the **property** is freehold and the insurance is arranged through a member of the Nationwide Building Society Group,
- You will pay for this insurance.
 - The insurance will be held in the joint names of you and us and any other person or organisation we have approved.
 - The insurance must cover the risks we consider appropriate.
 - 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:

- architects', surveyors' and other professional fees;
- demolition costs;
- the costs of removing debris and shoring up; and
- the extra cost of meeting any building and government regulations under local authority bylaws.

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

- 6.3 If insurance is arranged through a member of the Nationwide Building Society Group the insurance company or agent involved will be one who we, at the time, consider suitable.

- 6.4 If you arrange the insurance and you receive the insurance money, you agree to hold it in trust for us. If we are acting on your behalf and receive the insurance money, we will use it as set out in condition 6.6 below.
- 6.5 You agree that we will have full power to settle and adjust (negotiate) any claims with the insurers.
- 6.6 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.
- 6.7 If the property is leasehold and the lease says that the landlord insures or the tenant insures with a specific insurance company, we will accept this as long as you agree to:
- make sure that the insurance is arranged in line with the lease;
 - make every effort to ensure that the insurance is on the same terms as if we were insuring the property as set out in condition 6.1 and
 - 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.
- 6.8 If you have said that you will insure the property but you fail to do this, 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.
- 6.9 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.
- 6.10 We do not guarantee that any insurance we arrange will be adequate for your purposes.

7. Our rights and powers

- 7.1 If you break or do not keep to any of these conditions, we may carry them out on your behalf.
- If we do, you agree to immediately repay us any costs and expenses involved if we ask you to.
 - 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.
 - 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.

- 7.2 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, we will not be liable as a 'mortgagee in possession' (see the glossary).
- 7.3 We can ask you to pay the debt to us immediately if:
- you fail to pay any of the monthly payments or any other payments which you should make on the day they are due or within a reasonable period of us requesting you to do so;
 - you do not carry out any other material obligation set out or implied by the mortgage, the conditions or any other agreement in connection with the mortgage either when that obligation is due or within a reasonable period of us requesting you to do so;
 - you apply to the court for a voluntary arrangement under section 253 of the Insolvency Act 1986, enter into a scheme of arrangement with your creditors or cannot pay your debts within the meaning of section 268 of the Insolvency Act 1986, present a debtor's petition to the court as set out in the Insolvency Act 1986 or become bankrupt or have a receiver appointed over any part of your assets; or
 - any compulsory purchase order is made or confirmed over all or any part of the property.
- 7.4 At any time after we have asked you to pay the debt to us, we can do the following without warning you or agreeing it with you.
- We can take possession of the property.
 - We can use all the legal powers given to us by the Law of Property Act 1925 to sell the property even if we have not taken possession of it. We can do this without the restrictions imposed by Section 103 of that Act.
 - We can lease the property on any terms we think are appropriate.
 - We can appoint any person we want to act as receiver of the income of the property or any part of it.
 - We will appoint this receiver and may remove him or her at any time and appoint another.

- We may give any receiver we appoint all powers and authority that we consider appropriate.
- We will do this as if we owned the property and without us being considered 'mortgagee in possession'.
- Any receiver we appoint will be your agent.
- You will be entirely responsible for paying the receiver's income and for the receiver's acts or failures.
- We can fix the income of any receiver we appoint, at a level we think appropriate.
- The terms of Section 109(3) of the Law of Property Act 1925 will apply to any receiver we appoint.
- We will use all the money the receiver receives in line with Section 109(8) of that Act.

- 7.5 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. We will not be liable to account as a 'mortgagee in possession' while we do not have possession.
- 7.6 When we take possession of the property, you agree that we will become your agent but only for the matters mentioned below.
- As your agent we will have the authority to remove, store, keep, sell or otherwise dispose of any of your possessions which you refuse or fail to remove from the property within seven days of being asked to. You must pay any costs involved in this.
 - When we demand, you will have to immediately pay us back any costs and expenses that have arisen together with interest (at the interest rate).
 - We will charge interest from the time we paid the costs and expenses until you repay us.
 - Until you repay us, we will add the money you owe us to the debt and this will be secured on the property and the policy if there is one.

This condition does not mean we automatically have a right to any possessions or to any security over them so that it creates a 'bill of sale'.

- 7.7 Our powers as set out in the mortgage and these conditions are extra and do not replace any other power or remedy we have.
- 7.8 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

- 8.1 You agree that we may, at any time, transfer to any person all or any part of (including the benefit of any individual rights):
- the mortgage;
 - these conditions; and
 - 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.

- 8.2 If this happens, the following will apply.
- 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 a 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.
 - Any person to whom we transfer the property will replace us and be entitled to use all of our rights and powers in any security transferred including, but not limited to, the power to vary the interest rate.
- 8.3 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.

9. Power of attorney

- 9.1 As security you irrevocably appoint us (or any receiver we appoint) to be your attorney. We or they will have full power to act in your name and on your behalf.
- 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.
 - He or she will be able to use all or any of our powers and authority under these conditions or the Law of Property Act 1925.
 - The attorney will be able to sign any document or deed which we consider appropriate in relation to using his or her authority or powers. This will include transferring any share you hold in a residents' society or management company or company landlord because you own or lease the property.
- 9.2 Without affecting condition 9.1 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 receive under this condition as under condition 6.6.

10. Paying you the rest of the advance

- 10.1 If we pay the **advance** in instalments or where we held back some of the **advance**, the following will apply.
- We will pay **you** the rest of the **advance** in any instalments and at any times as we decide bearing in mind the terms of the **offer**.
 - We do not have to pay the rest of the **advance** or any part of it if **you** apply to the court for a voluntary arrangement under section 253 of the Insolvency Act 1986 or enter into any other scheme arrangement with creditors or **you** cannot pay **your debts** within the meaning of section 268 of the Insolvency Act 1986. This also applies if **you** present a **debtor's** petition to the court under the Insolvency Act 1986 or become bankrupt or **you** have failed to perform any of **your** obligations under the **mortgage** and these **conditions**.

11. Unfinished work

- 11.1 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:
- sell the **property** as it is; or
 - 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

- 12.1 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

- 13.1 **You** must pay to us all reasonable costs and expenses that:
- (a) we can demonstrate have arisen reasonably
 - (b) we, our conveyancer, surveyors or agents have paid or agreed to pay; and
 - (c) have arisen in connection with the **property**, these conditions and the **mortgage**.

- 13.2 These **costs and expenses** will also include the costs we have charged **you** for the administrative work of our staff dealing with, among other things:

- (a) arrears on **your** account;
- (b) **your** requests for our approval either under these **conditions** or otherwise (whether or not we give **you** our approval);
- (c) storing title deeds and documents;
- (d) giving **you** copies of any deeds or documents or policies we keep for **you**;
- (e) approving and executing deeds for any purpose including releasing any security.

We will send a copy of our tariff of charges to **you** with the **offer**. This tariff changes from time to time, in accordance with condition 13.3, and we will send **you** the most recent copy free if **you** ask.

- 13.3 We can amend or introduce a charge for one or more of the following reasons:

- (a) 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;
- (b) to reflect changes which we may make in any activity we carry out or the services we provide or to provide new services; or
- (c) to reflect, in a proportionate manner, the costs which we reasonably incur in providing relevant services and carrying out relevant activities.

Before we change or introduce a charge for such a reason we will notify **you** under condition 17.

- 13.4 **You** must pay all **costs and expenses** we refer to in this condition 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

- 14.1 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

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

16. Other conditions

- 16.1 **You** may use the **property** and receive rent and profits until we ask **you** to repay the **debt** under condition 7. This does not mean that we have given **you** permission to let out the **property** or any part of it.
- 16.2 **You** agree to repay the **debt** if we send **you** 180 days' written notice of this. 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.
- 16.3 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. As a result, Section 93 of the Law of Property Act 1925 will not apply to the **mortgage**. We will have the same right of consolidating the **mortgage** and the **debt** with any other **mortgage** charge or right to hold a charge over **property**, as if the section had not been passed. We will use this right as we see fit.
- 16.4 The **offer** and the **offer conditions** form part of these **conditions**. If the **offer**, the **offer conditions** and these **conditions** do not agree, the terms of the **offer** will apply.

17. Notices

- 17.1 Any notices or demands which we send by pre-paid post (addressed to **you**, or the policy owner or the **guarantor** at **your** or their last known address) will be treated as being received no later than 48 hours after we posted the letter. This is the case, even where the notice or demand is returned undelivered or if either **you** or the policy owner or the **guarantor** has died.

18. Not enforcing our rights

- 18.1 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

- 19.1 **You** agree that **you** will not use **your** rights of set off against:
- the **debt**;
 - any of the money we owe **you**;
 - any money **you** say we owe **you**; or
 - any obligations or liabilities from us to **you**.

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

- 19.2 **You** agree that we may use our right of set off to apply any monies that we may owe **you** to reduce the **debt**, in particular if **your** mortgage payments are in arrears.

20. Mistakes and miscalculations

- 20.1 Any statement or information concerning the **debt** that we supply to **you** before or after the discharge of the **mortgage** will not prejudice our security if it contains errors or omissions.
- 20.2 Any discharge we execute in respect of the **mortgage** will not discharge **you** from liability if we subsequently find that on repayment we undercalculated or understated by mistake the amount of the **debt**.
- 20.3 Unless **you** were party to or knew or should have known of the mistake, we will not rely on Condition 20.2 unless we tell **you** in writing within 90 days of the date we execute the discharge.
- 20.4 We will not seek to recover money from **you** where **you** are legally entitled to keep it.

21. Governing Law

- 21.1 The **mortgage** shall be governed by the law of England and **you** hereby agree to submit to the non-exclusive jurisdiction of the English Courts.

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

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Please note that for our mutual protection and to improve service standards, we may monitor and/or record telephone calls.