

# Standard BTL Mortgage Conditions: 2018

These are the conditions which apply to your mortgage.  
These conditions and the mortgage offer are important documents.  
Please keep them safe.



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

The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society and is authorised and regulated by the Financial Conduct Authority under registration number 189623. Most buy-to-let mortgages are not regulated by the Financial Conduct Authority. Registered Office: Nationwide House, Pipers Way, Swindon, SN38 1NW. Registered in England. Company Registration Number 2222856.

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

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

These **conditions**:

- are legally binding on **you** and a **guarantor** if **you** have one;
- include the terms on which **you** must pay off **your mortgage**;
- explain to **you** what happens if **you** do not pay back the **mortgage** 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 these **conditions** unless the context otherwise requires, the following expressions have the following meanings:

<b>The words</b>	<b>The meaning</b>
<b>advance</b>	The amount shown as the mortgage loan in the <b>offer</b> which, subject to these <b>conditions</b> , is the amount which will be lent (and includes any further <b>advance</b> we make which is secured by the <b>mortgage</b> ).
<b>advance date</b>	The date on which the <b>advance</b> or part of the <b>advance</b> is released.
<b>arrears</b>	Any part of a <b>monthly payment</b> which has not been paid by the end of the <b>payment date</b> on which it is due to be paid.
<b>capital balance</b>	The part of the <b>debt</b> on which <b>we</b> charge interest under <b>condition 4</b> . <b>Condition 4.2</b> explains how <b>we</b> work out the <b>capital balance</b> .
<b>capital repayment mortgage</b>	A <b>mortgage</b> (or part) where the <b>monthly payments</b> include capital and interest. The <b>offer</b> will state if the <b>mortgage</b> is on this basis.
<b>conditions</b>	These Standard BTL Mortgage Conditions 2018.
<b>debt</b>	The total amount owing from time to time under the <b>offer</b> and these <b>conditions</b> , including any <b>arrears</b> and all interest and <b>expenses</b> which become owing under the <b>mortgage</b> .
<b>expenses</b>	Any costs, charges and fees <b>you</b> owe <b>us</b> from time to time under <b>condition 18</b> .
<b>guarantee</b>	The <b>guarantee</b> (if any) executed by a <b>guarantor</b> in <b>our</b> favour.
<b>guarantor</b>	Any person who has <b>guaranteed</b> payment to <b>us</b> of all or any part of the <b>secured liabilities</b> or the performance of all or any of <b>your</b> obligations under the <b>mortgage</b> .
<b>interest only mortgage</b>	A <b>mortgage</b> (or part) where the <b>monthly payments</b> are only of interest. The <b>offer</b> will state if the <b>mortgage</b> is on this basis.
<b>interest rate</b>	The rate of interest shown in the <b>offer</b> or the new rate of interest if <b>we</b> change it in accordance with the <b>mortgage</b> .
<b>large overpayment</b>	A voluntary overpayment of £500 or more.
<b>LLP</b>	A limited liability partnership.
<b>LPA</b>	The Law of Property Act 1925.
<b>LTV</b>	The percentage the <b>debt</b> bears of the value of the <b>property</b> (as the latter is set out in the most recent <b>valuation</b> ).
<b>month</b>	A calendar month.
<b>monthly payment</b>	The payment which <b>you</b> must make to <b>us</b> each <b>month</b> under the <b>mortgage</b> as shall be varied by <b>us</b> from time to time under the <b>mortgage</b> .
<b>mortgage</b>	The agreement between <b>you</b> and <b>us</b> which is set out in the <b>mortgage deed</b> , the <b>offer</b> , these <b>conditions</b> and (if the <b>property</b> is in Scotland) the <b>standard conditions</b> . This gives <b>us</b> security over the <b>property</b> in return for <b>us</b> giving <b>you</b> the <b>advance</b> .
<b>mortgage deed</b>	The document <b>you</b> sign giving <b>us</b> a charge over the <b>property</b> . Where the <b>property</b> is in Scotland, the document which creates <b>our</b> security is known as a standard security.
<b>Nationwide Group</b>	Nationwide Building Society and its subsidiaries (including <b>us</b> ) and any <b>LLP</b> of which Nationwide Building Society is a member and which has an insurable interest in the <b>property</b> .
<b>occupation leases</b>	Each and all of the leases, tenancies, agreements for leases or tenancy licences or other occupational interests (and any documents supplemental to these including any rent deposit deed) which the <b>property</b> has the benefit of or is subject to from time to time.
<b>offer</b>	Each written offer issued by <b>us</b> to <b>you</b> giving the terms on which <b>we</b> have offered to make the <b>advance</b> to <b>you</b> together with any other offers or correspondence issued by <b>us</b> to <b>you</b> amending the same, including offers for any further <b>advance</b> and offers for any <b>product switch</b> or other change to the <b>mortgage</b> . These include any general offer conditions or special or other <b>conditions</b> incorporated into such offers.
<b>original LTV</b>	The percentage the <b>debt</b> bears of the value of the <b>property</b> when <b>we</b> make the <b>offer</b> as set out in the <b>offer</b> .
<b>payment balance</b>	The balance <b>we</b> use to work out the <b>monthly payment</b> under a <b>capital repayment mortgage</b> . <b>Condition 2.1(b)</b> explains how <b>we</b> work out the <b>payment balance</b> .
<b>payment date</b>	The day in each <b>month</b> chosen by <b>you</b> as the day for making the <b>monthly payment</b> or, if <b>you</b> do not choose a day, the 28th of the <b>month</b> . If <b>you</b> choose a day which is later than the 28th and, in any <b>month</b> , there is no day corresponding to <b>your</b> chosen day, the <b>payment date</b> for that <b>month</b> will be the last day of the <b>month</b> .
<b>payment method PHTSA</b>	The basis ( <b>capital repayment mortgage, interest only mortgage</b> ) on which the <b>debt</b> is repaid. The Private Housing (Tenancies) (Scotland) Act 2016.
<b>product switch</b>	Any arrangement under which <b>we</b> agree with <b>you</b> to change the terms governing the rate of interest which applies to an existing <b>advance</b> (for example, by switching the <b>advance</b> to a tracker rate, or from one fixed rate to another).
<b>property</b>	The property described in the <b>mortgage</b> or any part or parts of it together with all <b>your</b> estates, rights, title and other interests in such property and all buildings, structures, fixtures and fittings and the fixed plant and machinery and all fixed apparatus goods materials and equipment from time to time on or belonging to it. And where there is more than one such property, references to the <b>property</b> are to each and every property (and any part or parts of each and any property).
<b>rebuilding cost</b>	The full cost of rebuilding the <b>property</b> to its original form (or as close to it as is reasonably possible), including site clearance, all professional fees and the cost of meeting all planning, local authority and other legal and regulatory requirements.
<b>receiver</b>	Any one or more receiver or receivers appointed by <b>us</b> under the <b>mortgage</b> or otherwise.
<b>rents</b>	Rents or other sums (other than the sums representing or on account of insurance premiums, service charges and the like) payable under any <b>occupation lease</b> (including without limitation any value added tax payable on or in respect of the same) and all insurance moneys payable in respect of loss of rents.
<b>repayment period</b>	The term specified in the <b>offer</b> or any changed term <b>we</b> agree with <b>you</b> . This is the period which begins with the <b>advance date</b> and ends with the date when <b>you</b> should have repaid the whole or an agreed part of the <b>debt</b> .
<b>secured liabilities</b>	The <b>debt</b> and any other money which the <b>mortgage</b> secures under <b>condition 1</b> .
<b>small overpayment</b>	A voluntary overpayment of less than £500.
<b>standard conditions</b>	The standard conditions specified in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended.
<b>valuation</b>	Means a valuation of the <b>property</b> on <b>our</b> behalf by a valuer approved by <b>us</b> .
<b>we, us and our</b>	The Mortgage Works (UK) plc and anyone who takes over any of <b>our</b> legal rights and/or duties under the <b>mortgage</b> .
<b>you and your</b>	The person, company or <b>LLP</b> named in the <b>mortgage</b> as the borrower and his, its or their successors in title and any person (other than a <b>guarantor</b> ) who undertakes the obligations of the borrower.
<b>year</b>	A calendar year.

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

Words importing the singular shall include the plural and vice versa.

Where there are two or more persons included in the expression **you** or **your** obligations and **conditions** expressed as being by on or affecting **you** shall be held to bind such persons jointly and severally so that each of **you** is fully liable to perform the obligations and be subject to the **mortgage** and references to **you** include each and/or every one of **you**.

Any reference to any law or regulation includes any change to or re-enactment of it and all statutory instruments order and regulations made under it.

The headings to each clause shall not affect the construction of these **conditions**. Reference to a clause is to a clause in these **conditions**.

These **conditions** are incorporated into and form part of the **offer**. If the **offer** and these **conditions** conflict the terms of the **offer** will apply save where stated to the contrary.

## 1. Liabilities secured by the mortgage

1.1 **You** agree that the security created by the **mortgage deed** is **our** security not only for the **debt** but also for any other money that **you** now owe **us** or may owe **us** in the future on any account, whether actually or contingently, whether as principal or surety and whether solely or jointly with any other person.

However, the **mortgage** will not secure any money owed under an agreement regulated by the Consumer Credit Act 1974 unless stated to that effect in the agreement.

## 2. Types of Mortgage

2.1 The following terms apply if **you** have a **capital repayment mortgage**:

- (a) The **monthly payments** will be calculated by **us** to provide for the **payment balance** to be repaid with interest by equal monthly instalments over and by the end of the **repayment period**.
- (b) **We** work out the **payment balance** by taking the amount of the **debt** and making the following adjustments to it:
  - (i) **We** will deduct any **arrears** which **you** owe. This means that the **monthly payments** **you** must make under a **capital repayment mortgage** will not provide either for the

repayment of any **arrears** **you** owe or for the payment of interest on them. **You** will need to make a separate payment to clear the **arrears** and the interest that has been charged on them.

- (ii) Subject to sub-paragraph (iii) below, **we** will add any **small overpayments** **we** have received for the credit of **your mortgage**. This means that, while the **small overpayments** will reduce the **debt**, when **we** apply them this may result in **your monthly payments** being increased under **condition 3.5**, in which case (provided the **monthly payments** are paid on time) the **debt** will be repaid before the end of the **repayment period**.
- (iii) **We** will keep a running total of any **small overpayments**. If the running total comes to equal or exceed £500, the **small overpayments** which count towards the total will instead be treated from then on as a single **large overpayment**. This means that **we** will cease to add them to the **debt** when working out the **payment balance**, which may enable **us** to reduce your **monthly payments** under **condition 3.5**.

2.2 The following terms apply if **you** have an **interest only mortgage**:

- (a) The **monthly payments** will consist only of interest on the **capital balance** (including any **arrears**).
- (b) For the purpose of working out the **monthly payment**, **we** will treat each **month** as an equal twelfth part of the **year**.
- (c) **You** will be liable to repay the **debt** in a single lump sum at the end of the **repayment period** if it has not become due and payable sooner under these **conditions**.
- (d) It is **your** responsibility to ensure that the value of any assets which **you** are relying on to provide the funds needed to repay the **debt** in full at the end of the **repayment period** will be sufficient for that purpose. If **your** repayment strategy fails to provide enough to repay the whole of the **debt** at the end of the **repayment period**, **you** will still be responsible for paying what **you** owe.

2.3 The following terms apply if **your mortgage** is in separate parts (for example if it is partly a **capital repayment**

**mortgage** and partly an **interest only mortgage** or if different **interest rates** or **repayment periods** apply to different parts of the **mortgage**):

- (a) **We** will maintain a header account for the **mortgage** as a whole and separate sub-accounts for each part of the **mortgage**.
- (b) So far as necessary, these **conditions** will apply separately to each sub-account. For this purpose:
  - (i) references to the **advance** and any **arrears** are to be understood as referring to the **advance** and any **arrears** debited to the particular sub-account;
  - (ii) references to the **capital balance**, **interest rate**, **monthly payment**, **payment date**, **repayment date** and (where the sub-account relates to a **capital repayment mortgage**) the **payment balance** are to be understood as referring to the **capital balance**, **interest rate**, **monthly payment**, **payment date**, **repayment date** and **payment balance** for the particular sub-account; and
  - (iii) references to the **debt** in **conditions 2** and **3** are to be understood as referring to the part of the **debt** owing on the particular sub-account.
- (c) Payments made to the credit of the **mortgage** are to be dealt with as provided in **condition 3.3**.

2.4 If **you** have an **interest only mortgage** and (i) any of the events in **condition 11.1** occur, or (ii) **you** are unable to repay the **debt** at the end of the **repayment period** or (iii) if **you** have not demonstrated that **you** made adequate arrangements (satisfactory to **us** as a prudent lender) to build up a sum of money with which to repay the **debt** at the end of the **repayment period**, **we** may, but are not obliged to, change this to a **capital repayment mortgage**.

## 3. Monthly payments

- 3.1 Subject to the rest of these **conditions** **you** agree to pay **us**:
  - (a) the **monthly payment** each **month**;
  - (b) any extra amounts of money which **you** may owe **us** as set out in the **mortgage**; and
  - (c) the whole of the **debt** in full by the end of the **repayment period**.
- 3.2 **You** must make **monthly payments** on the **payment date** each **month** during the **repayment period** until **you** have repaid the **debt**.

3.3 Payments made to the credit of **your mortgage** will be dealt with as follows:

- (a) Except where the **mortgage** is in separate parts, each **payment** will be applied first towards clearing any **arrears** which are owing and then towards the repayment of sums which do not form part of the **arrears**.
  - (b) If the **mortgage** is in separate parts but **you** have chosen to make a single **payment** each **month** which combines the **monthly payments** for each part, any **payment** made to the credit of **your mortgage** will be applied as follows:
    - (i) If there are any **arrears** owing, the **payment** will be applied first towards clearing the **arrears**. Where the **arrears** are owing on more than one sub-account, **we** will divide the **payment** between those sub-accounts in direct proportion to the amount of the **arrears** owing on each of them.
    - (ii) After any **arrears** have been cleared, the **payment** will be credited to the individual sub-accounts in direct proportion to the **monthly payments** which apply to each of them.
  - (c) If the **mortgage** is in separate parts and **you** have chosen to make separate **monthly payments** for each sub-account, any **payment** made to the credit of **your mortgage** will be dealt with as follows:
    - (i) If the **payment** is made electronically, it will be credited to the sub-account identified by **you** (or any other person making the **payment**) in the instructions for the **payment** to be made.
    - (ii) A **payment** which is made by other means will be applied in accordance with the instructions given by **you** (or any other person making the **payment**). If no instructions are given, **we** will apply the **payment** in accordance with **our** standard policies in force at the time.
- 3.4 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 **capital balance** unless **we** expressly agree in writing not to.
- 3.5 **We** may set and vary **monthly payments** from time to time to reflect changes in:
- (a) the **interest rate**;
  - (b) the **debt** or, in the case of a **capital repayment mortgage**, the **payment balance**;

- (c) the **payment method**;
- (d) the **repayment period**;
- (e) the **payment date**.

**You** will be notified of any change in **monthly payments** by notice under **condition 21.1**.

## 4. Interest

4.1 **We** will charge interest each day on the **capital balance** at the end of the day.

4.2 **We** work out the **capital balance** as follows:

- (a) An **advance** (or any instalment of it) will be treated as increasing the **capital balance** on the **advance date**.
- (b) Any interest which remains unpaid at the end of the **month** in which it accrues will be added to the **capital balance** on the first day of the following **month**.
- (c) Any fees added to or paid out of an **advance**, or any **expenses** will be added to the **capital balance** as follows:
  - (i) A fee which is added to or paid out of an **advance** will increase the **capital balance** as mentioned in **condition 4.2(a)**.
  - (ii) A fee for a **product switch** will be added to the **capital balance** on the day on which the **product switch** takes effect (unless it has been paid in advance of that day).
  - (iii) Any other **expenses we** incur in any **month** will be added to the **capital balance** on the first day of the following **month** (unless they have been paid before that day).
- (d) Any payment which is made to the credit of **your** account in any **month** (including a **monthly payment**, **large overpayment** or **small overpayment**) will reduce the **capital balance** on the first day of the following **month**.

4.3 **We** charge interest at the **interest rate**. Interest accrues each day and is payable by the **monthly payments**, except that the interest **we** charge on a new **advance** (or instalment of an **advance**) between the day the money is treated as increasing the **capital balance** under **condition 4.2(a)** and the next month-end must be paid with the **monthly payment** due in the following **month**.

4.4 Interest will continue to be charged at the **interest rate** even if a court makes an order for possession or after **we** obtain judgment, or if **you** give **us** possession of the **property** or if the **property** is taken into possession, until

the **property** is sold and the **debt** paid in full.

4.5 If the **offer** states that the **interest rate** will track another rate (such as the London Interbank Offered Rate (LIBOR) or the Bank of England Base Rate), the **interest rate** will vary in accordance with the **offer**.

4.6 Where the **offer** states that the **interest rate** is a rate which **we** are free to vary, **we** may reduce the **interest rate** at any time and for any reason. **We** may also increase the **interest rate** at any time for one or more of the following reasons:

- (a) to reflect changes in the cost to **us** of raising the money **we** lend to **our** mortgage customers. The causes of these cost changes can include
  - changes to external benchmark interest rates such as LIBOR or the Bank of England Base Rate;
  - changes in the cost to **us** of borrowing money from other financial institutions (including ones in the **Nationwide Group**), or otherwise raising money from financial markets and investors;
- (b) to reflect any changes or reasonably anticipated changes in the law or in any code of practice which applies to **us**, or to respond to the decisions of any court or ombudsman;
- (c) to reflect any changes in regulatory requirements or guidance which apply to **us**, including any changes in the amount or composition of the capital which **we** need to maintain to support **our** mortgage lending business;
- (d) to reflect changes beyond **our** reasonable control in the costs **we** incur in running **our** business, including administrative costs and the costs involved in providing services or facilities for **our** mortgage customers.

Any increase **we** make under this **condition** will be a proportionate response to the reason or reasons relied on for making it.

4.7 If **we** change the **interest rate** under condition 4.6, **we** will give **you** notice of the change in accordance with **condition 21.1**. **Our** notice will be given before the change takes effect.

## 5. Additional security

5.1 As a continuing security for payment to **us** of the **secured liabilities**, **you** charge to **us** with full title guarantee by way of **mortgage** the benefit of any interest **you** have to and in the **occupation leases** and the **rents** together with the benefit of any guarantees, suretyships, indemnities, rent deposits or other security (whether proprietary or by way of personal covenant and whether from a tenant or a third party) from time to time or in respect of any of the **occupation leases** providing that nothing in this **condition** shall constitute **us** as mortgagee in possession.

## 6. Discharge of security

6.1 Upon payment by **you** to **us** of the **secured liabilities** in full, **we** will at **your** request and cost duly discharge the **mortgage** and release the **property** charged by it. **We** will not release any other **property we** are holding as security until **you** have paid **us** the **secured liabilities** in full. Section 93 of the **LPA** will not apply to the **mortgage**.

## 7. Your covenants

7.1 **You** will at all times during the continuance of the security created by the **mortgage**:

- (a) put and keep the **property** in good and substantial repair and condition and free from defects;
- (b) not without first obtaining **our** written consent (which **we** will not unreasonably withhold or delay) make or permit or suffer to be made any alteration or addition to the **property** (whether by way of alteration or addition to any building or structure now or hereafter upon the **property** or by the erection of any new building or structure or otherwise) nor make or permit to suffer or be made any application for planning permission or change in the use of the **property** or any part of it;
- (c) not without first obtaining **our** written consent (which **we** will not unreasonably withhold or delay) apply for an improvement grant or grants in respect of the **property**;
- (d) observe and perform and comply with regulations and all laws, orders, directions and all other statutory notices and requirements of any nature relating to or affecting the **property** or its use any other part or any business carried on at it;

(e) upon receipt of any such notice, order, regulation, direction or requirement of the kind referred to in **condition 7.1(d)** which (or a copy of which) is served upon **you** or otherwise comes to **your** notice, deliver a copy to **us** and at **your** expense take such steps **we** reasonably require in objecting to or appealing against or otherwise challenging any order or proposal affecting the **property**;

(f) not occupy the **property yourself** nor grant any leases or licences or accept a surrender or agree to accept a surrender of any leases or licences of the **property** nor agree any variations to or any rent reviews pursuant to any such leases or licences except that **you** can grant an assured shorthold tenancy or tenancies or other tenancy in accordance with **condition 31**;

(g) not allow the **property** to remain unoccupied for a period of 30 days or more without **our** previous written consent unless **you** are making reasonable efforts to let the **property** in accordance with **condition 31**;

(h) comply with **your** obligations as landlord, and not grant any licence or consent to a tenant without **our** previous consent in writing on the understanding that if under the terms of the lease express, or implied the licence or **your** consent is not to be unreasonably withheld, such consent on **our** part shall not be unreasonably withheld;

(i) where the **property** is leasehold, pay the rent reserved by the lease, duly and punctually and in the same manner observe and perform all the covenants and conditions on the part of the tenant and not without **our** prior written consent (not to be unreasonably withheld or delayed) agree to any amendments of the lease under which the **property** is held;

(j) not without **our** previous written consent convey assign, transfer, mortgage or otherwise dispose of the **property** nor agree to do any of the foregoing acts and if the **property** is in England or Wales, **you** will apply to HM Chief Land Registrar in the **mortgage deed** for entry of the following restriction 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”;

- (k) not without **our** prior consent (not to be unreasonably withheld or delayed) exercise any option, election or discretion to transfer the right to recover any value added tax nor to exercise any option or right to elect or discretion which now may or hereafter be available to it to levy value added tax on any supplies made by it including without limitation to impose or charge value added tax on the rental income or any sales proceeds.

## 8. Covenants in respect of your business

8.1 **You** will at all times:

- (a) conduct and carry on **your** business in a proper and efficient manner and keep or cause to be kept proper books of account relating to such business and when required produce the same to **us** and where **you** are a company or an **LLP** keep the said books of account and all other documents relating to **your** company or **LLP** affairs at **your** place of business and punctually pay, as the same become due, all debts and liabilities which by law would have priority to all or any part of the security created by the **mortgage**;
- (b) punctually pay or cause to be paid all rents, rates, taxes, duties, assessments and other outgoings payable in respect of **your** business, its property and assets and, when required, produce to **us** the receipts for such payments;
- (c) comply with all requirements as to filing returns and audited accounts and other notices or documents which are required to be filed at Companies House and, at the same time as filing the same at Companies House, supply copies of them to **us**;
- (d) where **you** are a company or an **LLP** **you** will notify **us** and obtain **our** approval (not to be unreasonably withheld or delayed) of any proposed change in the directors of the company or shareholding (in the case of a company) or membership (in the case of an **LLP**) and if so requested by **us** procure a **guarantee** of any new director(s) or member(s) approved by **us**;
- (e) where **you** are a company or an **LLP** **you** will not while the **debt** is outstanding repay any directors' or members' loans made to **you** without **our** prior written consent.

## 9. Insurance obligations

- 9.1 Except where **condition** 9.2 applies, **you** must arrange insurance of the **property**. **You** must insure the **property** in accordance with the **offer** and these **conditions** and must keep it insured at **your** own expense for its full **rebuilding cost**. **We** may approve the insurer, risks and terms of this insurance. Where the insurer allows, the insurance must be in the joint names of **you** and the **Nationwide Group** or the interest of the **Nationwide Group** should be noted on the policy (whether or not **you** arrange the insurance through **us**).
- 9.2 Where, under any lease under which **you** hold the **property**, it is the landlord's responsibility to arrange insurance of the **property**, **you** must do **your** best to make sure that insurance is in force and that it meets **our** requirements under the **offer** and these **conditions**.
- 9.3 If **you** fail to so insure the **property** or procure that the landlord does so **we** may but shall not be obliged to so insure the **property** ourselves. **We** may add the cost of obtaining such insurance to the **capital balance** and interest will be charged on this amount in accordance with **condition** 4.2(c)(iii).
- 9.4 In the event of an insurance claim being made in respect of the **property** **we** reserve the right to approve the terms of any settlement **you** reach with the insurer. Subject to the provision of any lease or other title document under which **you** hold an interest in the **property**, the settlement money shall be used as **you** may decide either to reinstate the **property** or in or towards payment of the **secured liabilities** in full. If **you** decide to use the money to reinstate the **property** **we** can keep the money whilst the repairs or rebuilding are being carried out and only release the money by stage payments as the repairs or rebuilding progress. If the money is not sufficient to pay for the repairs or rebuilding in full **we** shall not be obliged to lend any more funds. If **you** use the money to pay off the **secured liabilities** and there is a surplus after the **secured liabilities** have been paid, **we** may forward the surplus to a second chargee of whom **we** are aware or to any other person entitled to receive it. If the money is not sufficient to pay the **secured liabilities** in full **we** may take action to recover the shortfall. Any money paid directly to **you** by the insurers will be held on trust for **us** and promptly paid to **us** upon **our** request.

## 10. Compliance with property covenants

- 10.1 **You** will permit **us** and any person **we** appoint to enter in or upon the **property** or any part of it at any time upon reasonable prior notice:
- (a) to view the state and condition of the **property** and verify the performance by **you** of **your** obligations under the **mortgage**;
- (b) to execute any works and do anything to ensure compliance with any obligation under the **mortgage** if **you** have not done so; and
- (c) to comply with any legal requirement, order, direction, requisition, permission, notice or other matter and to do all acts and things **we** reasonably require to do to comply if **you** have not done so.

## 11. Acceleration

- 11.1 On any of the following events the security constituted by the **mortgage** shall become immediately enforceable without further notice to **you**. **We** shall cease to be under any further commitment to **you** to make any **advance** and the **debt** shall immediately become due and payable without the necessity on **our** part of making any demand for payment and the provisions of the **mortgage** regarding enforcement of the security shall apply:
- (a) **you** are more than one **month** late in the payment of any money which is due for payment under the **mortgage** and the total amount which is overdue is equal to two **monthly payments** or more;
- (b) **you** are in breach of any of **your** other covenants or obligations under the **mortgage** (other than a breach which is minor or which is remedied within a reasonable period of **us** requesting **you** to do so);
- (c) **you** fail to comply with any request for payment or additional security under **condition** 32.3 in accordance with provisions of that **condition**;
- (d) an encumbrancer takes possession or a **receiver** or similar officer is appointed in respect of the whole or any part of **your** assets and undertaking or those of any **guarantor**;
- (e) distress or execution or other process is levied or enforced upon or against any of **your** or any **guarantor's** property or assets;
- (f) the security constituted by any mortgage or charge (other than the **mortgage**) created by **you** or the **guarantor** shall become enforceable;
- (g) any indebtedness or obligation of **yours** or any **guarantor** for borrowed money (other than the **debt**) shall become due and payable prior to the stated date for maturity;
- (h) any statement, representation or warranty made by or on behalf of **you** or any **guarantor** proves to be incorrect or inaccurate and the soundness of **our** decision to lend was materially prejudiced as a result;
- (i) it becomes unlawful for **you** or any **guarantor** or **us** to perform obligations under the **mortgage** or **guarantee** either in whole or in part;
- (j) any event happens which has been agreed or in the future is agreed in writing between **you** and **us** whether in the terms of an **offer** or otherwise as an event of default upon the happening of which the security constituted by the **mortgage** and/or any other security for the **secured liabilities** shall become enforceable;
- (k) any circumstances arise which give grounds, in **our** reasonable opinion, for the belief that either **you** or the **guarantor** may not (or may be unable to) perform or comply with their obligations under the **mortgage** or a **guarantee**;
- (l) the **property** or any part of it is compulsorily purchased or requisitioned;
- in addition, but only where **you** and/or the **guarantor** is an individual or individuals (as opposed to a company or an **LLP**);
- (m) (in England or Wales) if **you** or any **guarantor** applies to the Court for an Interim Order under Part VIII of the Insolvency Act 1986 or calls or a nominee calls a meeting of creditors or any of them for the purposes of considering any arrangement, scheme, compromise, moratorium or composition with creditors or any of them or enters into any such arrangement scheme, compromise, moratorium or composition or presents or has presented against him a petition for a Bankruptcy Order under the Insolvency Act 1986 or is otherwise declared bankrupt in the United Kingdom or elsewhere;
- (n) (in Scotland) **you** are apparently insolvent, or a petition for the sequestration of **your** estate is presented to the court, or a Bankruptcy Order is made against **you**, or **you** grant a trust deed for **your** creditors;

- in addition, where **you** and/or any guarantor is a company or an **LLP** (as opposed to an individual or individuals);
- (o) **you** or any **guarantor** has a petition for an Administration Order presented against **you** or it or the shareholders or directors (or in the case of an **LLP**, members) of **you** or any **guarantor** resolve to present a petition for an Administration Order;
- (p) **you** or any **guarantor** calls a meeting of creditors or any class of them for the purpose of submitting a proposal to enter into (or **you** or any **guarantor** enters into) any arrangement, scheme, compromise, moratorium or composition with creditors or any of them or, if **you** or any **guarantor** suffers any distress or execution to be levied on the **property** or any of **your** other assets or any **guarantor's** assets in the United Kingdom or elsewhere;
- (q) **you** or any **guarantor** calls a meeting of shareholders, members or creditors for the purpose of considering a resolution that **you** or any **guarantor** be wound up voluntarily (other than a voluntary winding up for the purpose of a reconstruction or amalgamation which has received our previous written consent) or **you** or any **guarantor** have a winding-up petition presented against **you** or it or is wound up voluntarily or compulsorily in the United Kingdom or elsewhere;
- (r) any change is made in the legal or beneficial ownership of all or any of **your** or any **guarantor's** shares (or in the case of an **LLP**, membership) or there is any change of control of **you** or any **guarantor** without our previous written approval.
  - in addition where appropriate any event referred to in this clause shall be deemed to also refer to a similar event in accordance with the laws of any other jurisdiction.

## 12. Power of sale

- 12.1 Conditions 12.2 to 12.4, below, apply if the **property** is in England or Wales.
- 12.2 Section 103 of the **LPA** shall not apply to the **mortgage** and the security constituted by the **mortgage** shall become immediately enforceable and the power of sale and other powers conferred on mortgagees by the **LPA** as varied or extended by the **mortgage** shall become immediately exercisable at any time after the **debt** has

become immediately due and payable under **condition 11** (or any other moneys comprised in the **secured liabilities** have become due and remain unpaid) without the restrictions contained in that Act as to the giving of notice or otherwise.

- 12.3 Notwithstanding any provisions contained in the **mortgage** or any other document, the **debt** shall be deemed to have become due and payable within the meaning of Section 101 of the **LPA** immediately on the execution of the **mortgage deed**.
- 12.4 For the purpose of Section 99 of the **LPA** the expression "Mortgagor" shall include any encumbrancer deriving title under **you** and subsection (18) of Section 99 of the **LPA** shall not apply.
- 12.5 If the **property** is in Scotland then the security constituted by the **mortgage** shall become immediately enforceable and the power of sale shall become immediately exercisable at any time after the **debt** has become immediately due and payable under **condition 11** (or any other moneys comprised in the **secured liabilities** have become due and remain unpaid).

## 13. Early repayment

- 13.1 If **you** repay the whole or part of the **debt** before the end of the agreed **repayment period** or if a **product switch** is implemented or if the **debt** becomes due and payable under **condition 11**, an early repayment charge may apply. This will be set out in the **offer**.

## 14. Receivers

(conditions 14.1 to 14.8 do not apply if the **property** is in Scotland)

- 14.1 At any time after having been requested so to do by **you** or after the occurrence of any of the events specified in **condition 11**, **we** may appoint one or more persons to be a **receiver** or **receivers** of the whole or any part of the **property**.
- 14.2 **We** may (a) remove any **receiver** previously appointed under the **mortgage** and (b) appoint another person or other persons as **receiver** or **receivers** either in the place of a **receiver** so removed or who has otherwise ceased to act or to act jointly with a **receiver** or **receivers** previously appointed under the **mortgage** (but with the powers to act separately set out in **condition 14.3**).
- 14.3 If at any time and by virtue of any such appointment(s) any two or more persons shall hold office as **receivers** of the same assets or income each one or such **receivers**

shall be entitled (unless the contrary shall be stated in any of the deed(s) or other instrument(s) appointing them) to exercise all the powers and discretions hereby conferred on **receivers** and execute any documents individually or together.

- 14.4 Every such appointment or removal and every delegation appointment or removal by **us** in the exercise of any right to delegate powers or to remove delegates contained in these **conditions** may be made either by deed or by instrument in writing under the hand of any of **our** officers or any person authorised in writing in that behalf by any such officer.
- 14.5 Every **receiver** for the time being holding office by virtue of an appointment made by **us** shall (subject to any limitations or restrictions expressed in the deed or other instrument appointing him but if **you** are a company or an **LLP** notwithstanding that **you** may have been wound up or an administration order or voluntary arrangement has been made against **you** or **you** are dissolved) have in relation to the **property** or as the case may be that part of the **property** in respect of which he is appointed:
- (a) all the powers (as varied and extended by the provisions of these **conditions**) conferred by the Insolvency Act 1986 and the **LPA** and on mortgagees and mortgagees in possession, Administrators and Receivers appointed under those Acts or on **us** under the **mortgage** and;
  - (b) power in **your** name or on **your** behalf and at **your** cost to exercise all the powers and rights of an absolute owner and do or omit to do anything which **you** could do **yourself** as an absolute owner and irrespective of any such winding up, administration, voluntary arrangement.
- 14.6 In addition and without limiting the general powers or rights every **receiver** for the time being holding office by virtue of an appointment made by **us** shall (notwithstanding that **you** may have been wound up or an administrative order or voluntary arrangement has been made against **you** or **you** have been dissolved) have the following powers:
- (a) power to carry on and manage or concur in the carrying on and management of the whole or any part of **your** business as if he were the absolute beneficial owner thereof including the power where **you** are a company or an **LLP** and have one or more subsidiaries of supervising controlling and financing such subsidiary or subsidiaries and its or their business or businesses and the conduct thereof;
  - (b) where **you** are a company or an **LLP** power to promote or otherwise acquire the share capital of any body corporate with a view to such body corporate becoming **your** subsidiary and purchasing, leasing, or otherwise acquiring an interest in the whole or any part of the **property** or carrying on any business in succession to **you** or any of **your** subsidiaries;
  - (c) power to take possession of collect and get in the **property** and where **you** are a company for that purpose to make or to require **your** directors to make calls upon the holders of **your** share capital in respect of any such capital which remains uncalled (or where **you** are an **LLP**, to make calls upon the members in respect of unpaid capital) and to enforce payment of calls so made and any previous unpaid calls by taking proceedings in **your** name;
  - (d) power to demolish, alter, improve, develop, complete, construct, modify, refurbish the whole or any part of the **property** and the fixtures and fittings on it to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which **you** were concerned or interested in prior to his appointment, being a project for the demolition, alteration, improvement, development, completion, construction, modification, rebuilding or reinstatement, refurbishment, or repair of the **property** (or any part of it) and the fixtures and fittings thereon;
  - (e) power to repair, maintain, redecorate, fit out and furnish the **property** or any part thereof and all of the fixtures and fittings on it;
  - (f) power to provide all services (including without limitation heating lighting and cleansing) which may be deemed expedient in relation to the occupation or management of the **property**;
  - (g) power to enter into perform repudiate rescind, vary, modify, assign, sub-let or novate any contract or agreement, option agreement, agreement for lease, building contract, or professional appointment or otherwise for or which relates in any way to the **property** or any part of it or any fixtures or fittings thereon and to appoint, hire and employ and to remunerate such contractors, advisers, professionals, agents, servants, attendants, managers, officers, workmen and others upon such terms and at such

- salaries fees or remuneration and generally in such manner as he shall think fit and to discharge such persons;
- (h) without the need to observe the restrictions imposed by Section 103 of the **LPA** or any need to observe all or any of the restrictions or other provisions of Section 99 of the **LPA** to sell or transfer or concur in selling or transferring, lease or concur in leasing, accept or concur in accepting surrenders of leases, terminate or concur in terminating leases, surrender or concur in surrendering leases, grant or concur in granting licences, terminate or concur in terminating licences in each case, of the **property** in respect of which the **receiver** is appointed in such manner and generally on such terms and conditions as he thinks fit, and to carry any such sale, transfer, leasing, termination, surrender or licensing into effect by conveying, assigning, leasing, accepting, surrenders, terminating, surrendering or licensing;
- (i) power to sever fixtures and fittings from the **property** and sell the same separately from the premises to which they are affixed or in which they are contained;
- (j) power to carry any sale, lease or other disposal of any land or buildings and other property and assets into effect by conveying, transferring assigning or leasing in **your** name and for that purpose to enter into covenants and other contractual obligations in the name of and so as to bind **you**;
- (k) power to acquire any interest in any real or personal property which he may consider necessary or desirable to acquire in order to maintain or enhance the value of the **property** or any part of it and to grant or surrender easements, covenants and licences and to make exchanges and to enter into any agreements for the revision of boundaries;
- (l) power to make any arrangement or compromise of claims as he shall think fit;
- (m) power to effect and renew any insurances which he shall deem expedient;
- (n) power to take or defend proceedings whether in **your** name or otherwise as the **receiver** may think fit including proceedings for **your** compulsory winding-up and proceedings for directions under Section 35(1) of the Insolvency Act 1986;
- (o) power to employ, engage and appoint such managers, contractors and other personal and professional advisers and consultants on such terms as he shall think fit including without limitation power to engage his own firm in the conduct of the receivership;
- (p) power to make such elections for value added tax purposes as the **receiver** shall in his absolute discretion think fit;
- (q) power to raise or borrow money from **us** or any other person to rank for payment in priority to the security constituted by or pursuant to the **mortgage** and with or without a **mortgage** or charge on the **property** or any part of it and generally on such terms and conditions as he may think fit and no person advancing any such moneys shall be concerned to enquire as to the propriety or purpose of the exercise of this power or to see to the application of any moneys so raised or borrowed;
- (r) power to apply and obtain planning permissions in respect of the **property** including without limiting the generality of the foregoing entering into any agreements in connection with the same; and
- (s) power to divide or convert the **property** into as many flats and/or maisonettes as he shall think fit and then to sell such flats and/or maisonettes individually or in any combination using any method for such sales as he shall think appropriate and without limiting them he shall have power:
- (i) to grant leases and/or tenancies of the **property** and to grant renewals or accept surrenders of any leases or tenancies at or for such **rents** premiums and considerations and upon such terms and conditions including provisions for the review of rent and the granting of long leases at a premium with or without a ground rent reserved as he shall in his absolute discretion think fit;
- (ii) to form a management company or companies for the management of the **property** and to grant shares in such company or companies and to transfer the freehold of the **property** to such company or companies on any terms which he considers appropriate.
- (t) power to do all such other things as may seem to the **receiver** to be incidental or conducive to any other power vested in him or to be conducive to the

realisation of the security constituted by or pursuant to the **mortgage**.

- 14.7 Every **receiver** so appointed shall be deemed at all times and for all purposes to be **your** agent and **you** shall be solely responsible for his acts and defaults and for the payment of his remuneration.
- 14.8 Every **receiver** so appointed shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and **us** (or failing such agreement to be fixed by **us**) appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted in accordance with his current practice or the current practice of his firm and without being limited to the maximum rate specified in Section 109(6) of the **LPA**.

## 15. Application of moneys

- 15.1 All money arising from the exercise of the powers of enforcement of the security constituted by or pursuant to the **mortgage** shall be applied, after the discharge all sums, obligations and liabilities having priority to them, in the following manner and order:
- (a) in or towards payment of all costs and charges of and incidental to the appointment of any **receiver** under the **mortgage** and his remuneration;
- (b) in or towards payment of any other **expenses** payable under **condition** 18;
- (c) in or towards payment or discharge of the **debt**; and
- (d) in payment of any surplus to **you** or any other person entitled thereto.
- 15.2 All moneys from time to time received by **us** from **you**, any **guarantor** or any person or persons or company liable to pay the same or from any **receiver** or otherwise on the realisation or enforcement of the security constituted by the **mortgage** may be applied by **us** either as a whole or in such proportion as **we** think fit to any account or item of account or any transaction to which the same may be applicable.

## 16. Our powers

- 16.1 Without prejudice to any other of **our** rights powers or remedies howsoever arising all or any part of the powers authorities or discretions conferred expressly or impliedly upon a **receiver** of the whole or any part of the **property** (whether arising under the **mortgage** or otherwise) may be exercised by **us** in respect of the whole or any part of the **property** at any time after the occurrences of an event specified in **condition** 11.
- 16.2 If **we** or any **receiver** enter into possession of the whole or any part of the **property** **we** or the **receiver** may from time to time go out of possession.
- 16.3 Neither **we** nor any **receiver** appointed under the **mortgage** shall be liable as mortgagee or mortgagee in possession to account to **you** for anything except actual receipts by **us** or the **receiver**, or be liable for any loss or damage arising from any realisation of the **property**, or for any act or default or omission by **us** or the **receiver** in relation to the **property**, or any exercise or non-exercise by **us** or the **receiver** of any power authority or discretion conferred on **us** or the **receiver** in relation to the **property** unless such loss or damage shall be caused by **our** own fraud or negligence or the fraud or negligence of the **receiver**.

## 17. Power of attorney

- 17.1 **You** hereby irrevocably appoint the following:
- (a) **us**;
- (b) each and every person to whom **we** shall from time to time have delegated the exercise of the power of attorney conferred by this clause; and
- (c) any **receiver** appointed under the **mortgage** and for the time being holding office as such:
- jointly and also severally to be **your** attorney or attorneys and in **your** name and otherwise on **your** behalf and as **your** act and deed to sign, seal, execute, deliver, perfect and do all deeds instruments acts and things which may be required (or which **we** or any **receiver** appointed under the **mortgage** shall consider expedient or desirable) for carrying out any obligation imposed on **you** by or pursuant to this **mortgage** and generally for enabling **us** or the **receiver** to exercise the respective powers conferred on **us** or the **receiver** by or pursuant to this **mortgage** or by law and **we** and the **receiver** shall have full power to delegate

the power conferred on them by this clause but no such delegation shall preclude the subsequent exercise of such power by **us** or the **receiver** or preclude **us** or the **receiver** from making a subsequent delegation to some other person any such delegation may be revoked by **us** or the **receiver** at any time.

17.2 **You** shall ratify and confirm all transactions entered into by **us** or such **receiver** or delegate of **ours** in the exercise or purported exercise of **our** or such **receiver's** respective powers and all transactions entered into documents executed and things done by **us** or such **receiver** or delegate by virtue of the power of attorney given by **condition 17.1** and shall at **our** request from time to time or the request of any such person or **receiver** as is referred to in **condition 17.1** enter into and duly execute such further power or powers of attorney (with the necessary amendments) in the form of this **condition 17** as may be requested.

17.3 The power of attorney granted by this clause as regards **us**, **our** delegates and any such **receiver** (as **you** hereby acknowledge) are granted irrevocably and for value as part of the security constituted by the **mortgage** to secure proprietary interests of and the performance of obligations owed to the respective donees.

## 18. Costs, charges and fees

18.1 **You** must pay to **us** all reasonable costs and charges that:

- we** can demonstrate have arisen reasonably;
- we**, any person **we** appoint under **condition 14**, **our** conveyancers, surveyors or agents have paid or agreed to pay; and
- have arisen in connection with the **property** or the **mortgage**.

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

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

18.3 **We** may recover the costs and charges **we** incur by charging standard fees equal to **our** reasonable estimate of the average costs (including **our** average internal administrative costs) which **we** incur in dealing with the matter for which the fee is charged. **We** set out our standard fees in a tariff. **We** will send a copy of **our** tariff to **you** with the **offer**. This tariff changes from time to time and **we** will send **you** the most recent copy free if **you** ask.

18.4 **We** can amend or introduce a fee for one or more of the following reasons:

- to reflect in a proportionate manner any changes or reasonably anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- to reflect in a proportionate manner changes which **we** may make in any activity **we** carry out or the services **we** provide or to provide new services; or
- to reflect, in a proportionate manner; the costs which **we** reasonably incur in providing relevant services and carrying out relevant activities.

18.5 Before **we** change or introduce a fee for such a reason **we** will let **you** know under **condition 21**.

18.6 **You** must pay all costs, charges and fees **we** refer to in this **condition 18** when **we** demand. Until **you** repay them they will form part of the **debt** and be secured on the **property**. **We** will add them to the **capital balance** and charge interest on them as stated in **condition 4.2(c)**.

## 19. Removal of goods

19.1 This clause shall have effect only if **you** are not a company and shall apply to all moveable plant, machinery and other equipment, tools, furniture, vehicles, stock in trade, implements and other goods ("goods") now or from time to time placed on or used in or about the **property**.

19.2 At any time after having taken possession of the **property** or any part thereof **we** or any **receiver** appointed by **us** is hereby authorised as **your** agent to dispose of, remove, store, sell at such price as **we** shall deem reasonable or otherwise deal with the goods and may pending such disposal, removal, storage, sale or other dealing use the goods for a reasonable period of time and (without prejudice to the obligation to account for the proceeds of any sale of goods to **you**) **you** will reimburse **us** or any **receiver** against any liability arising from such disposal, removal, storage, sale or other dealing.

19.3 Nothing contained in this clause shall give **us** any right in respect of the goods or the proceeds from the sale of the goods which would constitute the **mortgage** as a bill of sale.

## 20. Protection of purchasers

20.1 No purchasers, mortgagees or other person or company dealing with a **receiver** or **us** shall be concerned to enquire whether any power exercised or purported to be exercised by the **receiver** or **us** has become exercisable or whether any money is due on the security of the **mortgage** or as to the propriety or regularity of any sale by or other dealing with the **receiver** or **us** but any such sale by or dealing shall be deemed to be within the powers conferred by the **mortgage** and to be valid and effectual accordingly and, where the **property** is in England or Wales, all the protection to purchasers contained in Sections 104 and 107 of the **LPA** shall apply to any person purchasing from or dealing with the **receiver** or **us**.

## 21. Notices

21.1 Every notice, request, demand or other communication to or upon **you** shall be given or sent by letter and shall be deemed to have been given or made (and received) 48 hours after being posted (unless delivered by hand at the address of the addressee in which case it shall be deemed to have been given or made (and received) at the time of delivery).

21.2 Every notice request demand or other communication to **us** shall be given or sent by letter to **us** (marked for the attention of the Chief Executive when no other reference is known) at Portman House, Richmond Hill, Bournemouth, BH2 6EP or at such other address as **we** may designate from time to time by notice to **you** and service shall take place upon actual receipt of such letter or letters.

## 22. Certificate conclusive

22.1 A statement of the total amount of the **debt** or as to any applicable rate of interest prepared and signed by one of **our** authorised officers will be taken as a correct statement unless there is an obvious mistake.

## 23. No waivers, remedies cumulative

23.1 No failure to exercise, nor any delay in exercising on **our** part any right or remedy under the **mortgage** or any other document will operate as a waiver of such right or remedy nor will any single or partial exercise of any right or remedy preclude any other or further exercise of any other right or remedy. The rights and remedies provided in the **mortgage** are cumulative and not exclusive of any rights or remedies provided by law. In the event that any matter falls within the scope of more than one of the provisions of the **mortgage** nothing shall prevent **us** from enforcing against **you** the more (or most) stringent provision.

## 24. Set off, suspense account and severability

24.1 **You** authorise **us** to apply the credit balance to which **you** are entitled on any account with **us** or any other moneys due and payable by **us** to **you** in satisfaction of any sum due and payable from **you** to **us** under the **mortgage** or forming part of the **debt**.

24.2 All moneys received, recovered or realised by **us** under the **mortgage** may in **our** discretion be credited to any suspense account and may be held in such account for so long as **we** may think fit pending their application in or towards discharging the **debt**.

24.3 No other provision of the **mortgage** nor the security constituted by the **mortgage** shall be discharged or affected by the total or partial invalidity, illegality of or defect in any of **our** rights.

## 25. Further assurance

25.1 **You** shall from time to time execute and do all such assurances acts and things as **we** may require for protecting the security over the **property** or for facilitating the realisation of the whole or any part of the **property** and the exercise of all powers authorities and discretion vested in **us** or a **receiver** and shall in particular execute all transfers conveyances assignments assurances or any other deeds agreements or documents in respect of the whole or any part of the **property** whether to a third party or to **us** or **our** nominees or otherwise and give all notices orders and directions **we** or a **receiver** may think expedient and for the purpose

of this clause a certificate in writing by **us** or a **receiver** to the effect that any particular transfer conveyance assignment assurance or any other deed agreement or document required is reasonably required shall be conclusive evidence of such fact.

## 26. Further security

- 26.1 **You** shall at all times during the subsistence of the security constituted by the **mortgage**:
- give notice of **your** desire to have an extended lease or replacement lease of the **property**;
  - send a copy of such notice to **us**; and
  - within one **month** of execution of any extended or replacement lease of the **property you** (irrespective of whether any of the above **conditions** have been complied with) will deposit that lease with **us**. In addition, if **we** require, **you** will at **your** expense execute a fresh charge by way of legal mortgage to **us** of all **your** estate in the **property** under and by virtue of that lease.
- 26.2 If **you** acquire any superior interest in the **property** or acquire an interest in any freehold or leasehold **property** adjoining or near to the **property you** will promptly inform **us** in writing and if **we** require **you** will at **your** own expense execute a fresh legal charge by way of legal mortgage in **our** favour of that superior interest or freehold or leasehold **property**. Every fresh legal charge shall contain similar provisions to those contained in the **mortgage**.

## 27. Governing law and language

- 27.1 **Your mortgage** is supplied in English and all communications between **you** and **us** will be in English.
- 27.2 **Your mortgage** is governed by the law of the country in which the **property** is situated and the laws of that country are to be taken as the basis for the establishment of **our** relations with **you** before the **mortgage** is entered into.

## 28. Disclosure and transfer

- 28.1 **We** may at any time assign and/or transfer to any person all or any part of **our** rights under or in respect of:
- the **mortgage** and/or the **secured liabilities**; and
  - any other security (including without prejudice to the generality of the foregoing or any **guarantee**) in **our** favour.

- 28.2 The **debt** at the date of the assignment or transfer shall be all moneys then owing and shall bear interest from the date of the assignment or transfer at a rate per annum equal to the rate payable under the **mortgage** immediately before such arrangement or transfer until the **interest rate** is changed.
- 28.3 Any assignee and/or transferee shall in all respects be substituted for **us** and shall be entitled to exercise all of **our** rights and powers in any security to assigned or transferred including, without limitation, the power to vary the **interest rate** or apply costs and expenses with reference to its own circumstances (including without limitation its own costs).
- 28.4 **You** and if appropriate any **guarantor** hereby authorise **us** to disclose to any person (and their advisers) to whom **we** dispose or contemplate disposing of any part of **our** interest in the **mortgage** or in the **secured liabilities** or any security including the **guarantee** or other obligations secured by the **mortgage** such information concerning **you** or the **mortgage** or the **secured liabilities** or the **guarantor** and such other obligations as **we** reasonably think fit.

## 29. Unfinished work

- 29.1 If after **you** have received part of the **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 **expenses** arising from this and **we** will add any **you** do not pay to the **debt** which will then be secured on the **property**. Interest will be charged on them in accordance with **condition** 4.2(c).

## 30. Mistakes and miscalculations

- 30.1 Any statement or information concerning the **secured liabilities** that **we** supply to **you** before or after the discharge of the **mortgage** will not prejudice **our** security if it contains errors or omissions.
- 30.2 Any discharge **we** execute in respect of the **mortgage** will not discharge **you** from liability if **we** subsequently find that on repayment **we** under-calculated or understated by mistake the amount of the **secured liabilities**.
- 30.3 Unless **you** were party to or knew or should have known of the mistake, **we** will not rely on **condition** 30.2 unless

**we** tell **you** in writing within 90 days of the date **we** execute the discharge.

- 30.4 **We** will not seek to recover money from **you** where **you** are legally entitled to keep it.

## 31. Terms of Lettings

- 31.1 **You** must obtain **our** approval to any tenancy, letting or sharing of possession to the **property**. Without limiting this duty on **you**, note that **we** require any such tenancy, letting or sharing of possession to be on the following terms:
- In England and Wales, any tenancy of the **property** created before 1 March 1997 must be a single Assured Shorthold Tenancy as defined in the Housing Act 1988 and be for a term of not less than six months. **Your** solicitors must satisfy themselves that valid notices were served under Section 20 of the Housing Act 1988 before the tenancy was created, and have sight of a copy of the tenancy agreement.
  - In England and Wales, any tenancy created after 28 February 1997 must in all respects comply with the Housing Act 1996 as an Assured Shorthold Tenancy.
  - If the **property** is in Scotland then:
    - any tenancy of the **property** created on or before 30 November 2017 must be a Short Assured Tenancy as defined in the Housing (Scotland) Act 1988;
    - any tenancy of the **property** created on or after 1 December 2017 must be a Private Residential Tenancy under the **PHTSA**.

Any tenancy must in all respects comply with the Housing (Scotland) Act 1988 or **PHTSA**, as applicable.
  - You** must produce evidence to **your** solicitor, before buying the **property**, that all provisions of Part 1 of the Landlord and Tenant Act 1987 and the Housing Act 1996 (and, if the property is in Scotland, the Housing (Scotland) Act 1988 or **PHTSA**, as applicable) have been complied with by the seller or **you** as appropriate.
  - The letting must only allow the **property** to be used as a private dwelling for occupation of the tenant and the tenant's immediate family for residential purposes.
- In England and Wales, the letting must not confer any security of tenure on the tenant(s) beyond the end of the contractual term of the tenancy agreement.
  - The letting must not be for more than 36 months (except where the **property** is in Scotland and is subject to the **PHTSA**).
  - Any tenancy agreement must (i) be in the form normally used for residential agreements; and (ii) contain no terms which can adversely affect **our** interest in the **property** under the **mortgage**.
  - The tenancy agreement must provide that no subletting is allowed.
  - The tenancy agreement must not contain an option allowing the tenant to renew the lease upon expiry (except where the **property** is in Scotland and is subject to the **PHTSA**).
  - Any deposit must be held by a body approved by the Government pursuant to the requirements of the Housing Act 2004 (or, where the **property** is located in Scotland, the Tenancy Deposit Schemes (Scotland) Regulations 2011) and that all required information has been supplied to the tenants.
  - References about ability to pay the rent and character must be obtained for the proposed tenant(s) and must be made available to **us** when **we** ask for them.
  - If the **property** is leasehold **you** must obtain the consent of the landlord to any letting if required by the terms of the lease of the **property** and comply with any other relevant lease conditions.
  - The tenancy must allow **you** and **us** to get vacant possession at the end of the term of the tenancy.
  - 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 requires this.
  - You** must make sure that **you** keep to any regulations and obtain any necessary licenses, which may apply to letting properties.
  - You** must not change the terms of the tenancy without **us** agreeing in writing.
  - You** must comply with all legal requirements, and hold any licences or other authorisations necessary,

relating to the letting of the **property** (including without limitation, where the **property** is a **property** which is a house in multiple occupation within the Housing Act 2004 (or falls to be treated as a house in multiple occupation under any other applicable legislation or legal requirements), any licensing requirements for landlords of houses in multiple occupation under such legislation). **You** must provide **us** with evidence of this on request.

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

31.2 Without limiting **your** duty to obtain **our** consent under **condition** 31.1, note that the following are unacceptable as tenants for the **property**:

- (a) multiple tenancies (excluding houses in multiple occupation);
- (b) people who could claim diplomatic immunity;
- (c) holiday lets;
- (d) **your** family members (including for example **your** spouse, civil partner, parents, grandparents, siblings, children, grandchildren, children of **your** siblings or grandparents).

31.3 **You** must do whatever is legally necessary to ensure that **your** tenants carry out their obligations under the tenancy agreement and not waive or release or vary these without **us** agreeing in writing.

31.4 **You** must let **us** know if the **property** is unoccupied for 30 or more consecutive days.

31.5 If the **property** is subject to the selective licensing scheme laid down by Part 3 of the Housing Act 2004, **you** must have and maintain a satisfactory licence under the selective licensing scheme in relation to the **property**.

31.6 The criteria for tenancies or tenants **we** set down in this **condition** 31 can be varied by **us** at any time to reflect:

- (a) changes or reasonably anticipated changes in law, regulation and guidance;
- (b) changes **we** introduce to **our** standard policies acting as a reasonable and prudent lender.

Where **we** make any such change **we** will give **you** at least 30 days' prior notice unless any shorter period is necessary to reflect any change in the law. Any change will not affect the compliance with **our** criteria of any tenancy which is already in place (and which complies with **our** existing criteria) for the remaining fixed or minimum term of the tenancy, unless it is required to reflect any change in the law which affects that tenancy.

## 32. Valuations, revaluations and LTV

32.1 Any **valuation** proposed in connection with the **mortgage** is:

- (a) for **our** benefit and may not be relied upon by **you**;
- (b) does not confirm or guarantee the **property** is worth the value given to it.

32.2 **We** reserve the right to obtain further **valuations** of the **property** at any time after the **advance date** for the purpose of calculating the **LTV**. Each further **valuation** will be at **your** expense (such cost to be charged in accordance with **our** then current fees for **valuations** unless **you** have paid for a **valuation** in the preceding three years, in which case it will be at **our** expense). **You** will ensure that any access to the **property** reasonably required by the valuer is given.

32.3 If at any time the **LTV** is greater than the **original LTV**, **we** can require **you** (i) to reduce the **debt** such as to ensure that the **LTV** is equal to or less than the **original LTV** or (ii) to provide **us** with alternative or additional security acceptable to **us** (at **our** discretion) which would, when aggregated with the value of the **property**, ensure the **LTV** is equal to or less than the **original LTV**, or any combination of (i) and (ii). When **we** make such a request **you** will comply with it and make such payment and/or deliver such acceptable alternative security as applicable within 30 days of request.

## 33. Standard conditions

**Please note: This condition applies only if the property is in Scotland.**

33.1 These **conditions** incorporate the **standard conditions**. In the event of any conflict between the terms of the **standard conditions** and these **conditions**, these **conditions** shall apply.

33.2 The standard conditions contained in Schedule 3 of the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended (1970 Act), referred to in the foregoing General Mortgage Conditions 2018 are set out below in accordance with the numbering under the 1970 Act:

### 1. Maintenance and repair

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.

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

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.

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

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 exigible 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.

### 4. Planning notices, etc.

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 therefor.

### 5. Insurance

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 therefor 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 on 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.

#### **6. Restriction on letting**

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.

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

- (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.

#### **8. Calling-up**

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.

#### **9. Default**

- (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.

#### **10. Rights of creditor on default**

- (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 subparagraphs 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 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.

#### **11. Exercise of right of redemption**

- (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 is 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 next day 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 condition 33, 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.