

**OFFER  
CONDITIONS 2015  
AND  
MORTGAGE  
CONDITIONS 2015.**

Relating to mortgages of Freehold, Leasehold or Commonhold  
Property located in England or Wales

## IMPORTANT NOTE.

- You must read your Mortgage Offer and this booklet carefully. Ask your conveyancer, or us, if there is anything that you do not understand. **The information on this page does not replace, or form part of, the conditions that apply to your Mortgage**
- Your Mortgage Offer sets out the conditions on which we are prepared to offer you a Mortgage. These will include some of the conditions set out in Section One of this booklet (Your Mortgage Offer will state which of these apply)
- If you have a Mortgage with us it will be with Yorkshire Building Society (trading as Norwich & Peterborough and N&P). N&P is operated under its own brand with its own products
- Section Two of this booklet tells you what you agree to when you have a Mortgage with us. Some of the conditions in the Mortgage Offer and Section One of this booklet will continue to apply after the Mortgage has been granted
- Some of the words and phrases used in this booklet and your Mortgage Offer have precise legal meanings when they begin with a capital letter. These are explained in Condition 2 in Section Two of this booklet.

## PAY SPECIAL ATTENTION TO THE FOLLOWING POINTS.

- Your Mortgage is security for all money payable by you to us under the Conditions set out in Section Two of this booklet. This is called the Mortgage Debt
- The Mortgage Debt includes any additional borrowing we may make to you under the Mortgage. It also includes any interest, fees and expenses payable by you under the Mortgage (for example, if you break any of the conditions of your Mortgage)
- If you breach any of the conditions of your Mortgage, we may be entitled to demand that you pay the Mortgage Debt immediately. If this happens, we can take possession of the Property, sell it and use the money to repay the Mortgage Debt. If the property does not sell for enough money to repay the Mortgage Debt, you will still have to pay us the shortfall
- You must look after the Property so that it keeps its value as our security.

## SPECIAL WARNINGS.

- An Early Repayment Charge may be payable if you repay your Mortgage, or part of it, early. Please see your Mortgage Offer and Condition 15 in Section Two of this booklet
- You will have received a copy of our 'A guide to our mortgage fees and charges' which apply to your Mortgage. We may change our fees and charges in accordance with Condition 12 in Section Two
- We may transfer your Mortgage to anyone at any time. See Condition 19 in Section Two.

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

Norwich & Peterborough Building Society and N&P are trading names of Yorkshire Building Society. Yorkshire Building Society is a member of the Building Societies Association and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Yorkshire Building Society is entered in the Financial Services Register and its registration number is 106085.

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# OFFER CONDITIONS 2015 AND MORTGAGE CONDITIONS 2015.

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# SECTION ONE – OFFER CONDITIONS 2015.

## 1. Other secured loans

Any other mortgages affecting the Property must be repaid in full before, or at the time when, we release the Loan. Brief particulars of the mortgages of which we are aware appear in the Mortgage Offer. The Conveyancer must check that all of these mortgages (and any others over the Property) are repaid in full.

## 2. Other occupiers

The Conveyancer must ensure that each of the persons listed in the Mortgage Offer signs the Occupier's Consent which appears on the back (or second page) of the Deed of Legal Charge.

## 3. Tax relief (MIRAS)

This condition no longer applies.

## 4. Tax relief (Non-MIRAS)

This condition no longer applies.

## 5. Architect supervised construction

Before we release the Loan, we need:

- (a) to know the name of the architect who will supervise construction of the Property;
- (b) to see a copy of the architect's professional indemnity insurance policy so that we can check if it meets with our requirements;
- (c) the Conveyancer to confirm that Building Regulation consent has been given in respect of either the construction or conversion of the Property and that all required inspections have taken place;
- (d) confirmation from our valuer that he is satisfied with all completed construction or conversion work to the Property.

We also require the Conveyancer to meet the requirements set out in the BSA Mortgage Instructions.

If the Loan is to be released in stage payments, (d) above will not apply. We will, however, need (in addition to those matters set out in (a) to (c) above):

- (e) a certificate from our valuer before we can release each stage payment (including the final stage payment);
- (f) a certificate from the architect at least 7 days before we can release each stage payment (including the final stage payment).

We will charge a fee each time our valuer reinspects the Property. The amount of this fee is set out in our Tariff and may be varied from time to time in accordance with Mortgage Condition 12.5 (which is set out in Section Two.) The fee will be deducted from the stage payment to which it relates unless you pay it to us in advance.

## 6. Flying freeholds

The Property appears to be affected by a flying freehold. This is a legal term that your conveyancer will explain to you having carried out the appropriate checks.

## 7. Endowment policies

The mortgage is an interest-only mortgage. Please see condition 10.

## 8. Pension policies

The mortgage is an interest-only mortgage. Please see condition 10.

## 9. Mortgage protection

You must have mortgage protection insurance covering your life (or your joint lives if there is more than one of you). This must be in force before we release the Loan. The policy must cover the Loan.

## 10. Interest only

Please see your Mortgage Offer.

If at anytime the Mortgage Debt exceeds 95% of the value of the Property, we may require you to make payments of both interest and capital in such sums and for such period as we may reasonably require in order to reduce the Mortgage Debt below this percentage. We will give you written notice if we require these payments.

We may require a re-valuation of the Property from time to time during the Mortgage Term.

If we reasonably consider that the Mortgage Debt will not be repaid in full at the end of the Mortgage Term, we may require you to make payments of both interest and capital in such sums and for such period as we may reasonably require in order to ensure repayment in full. We will give you written notice if we require these payments.

## 11. Pension mortgages

This condition no longer applies.

## **12. Pension mortgages**

This condition no longer applies.

## **13. Right to buy properties – main advance**

The Conveyancer must ensure that the charge in respect of the "Right to Buy" discount ranks behind our Mortgage.

## **14. Right to buy properties – additional borrowing**

The Conveyancer must ensure that the charge in respect of the "Right to Buy" discount ranks behind our Mortgage.

## **15. Incentives**

We understand that you may receive a money or other incentive to buy the Property. You must tell us before we release the Loan if you will be placed under any obligation to repay the money or the value of the incentive.

## **16. Leasehold properties**

In addition to following our instructions in the BSA Mortgage Instructions, the Conveyancer must enquire what the ground rent is and advise us of the reply.

Good leasehold titles are only acceptable to us with a suitable indemnity policy. Your conveyancer will advise you what this means.

If you would like us to arrange insurance of the Property, you will need the landlord's written permission. We will need to see this before we can release the Loan.

## **17. Building insurance not arranged by us**

This condition no longer applies.

## **18. Leasehold properties – management**

There must be a management company in relation to the building of which the Property is part.

## **19. Deed of Legal Charge – special requirements**

We are being represented by the Conveyancer who will arrange for the preparation and execution of the Deed of Legal Charge in consultation with your own conveyancer.

## **20. Planning conditions**

We understand that there may be planning restrictions relating to the Property. The Conveyancer will make enquiries about them.

## **21. NHBC registered builder**

We understand that the builder of the Property is registered with the NHBC. You must tell us immediately if this is not the case.

## **22. Professionally supervised construction**

Construction of the Property must be supervised by a professional consultant. You must tell us immediately if this will not be the case.

## **23. Building guarantee scheme (Zurich)**

The Property must be covered by the Zurich building guarantee scheme.

## **24. Mining area**

The Property is or may be in a mining or former mining area. The Conveyancer will make appropriate searches.

## **25. Agricultural restrictions**

The Conveyancer must ask the local planning authority whether you will satisfy the agricultural restriction which affects the Property and advise us of the reply.

## **26. Self-build properties – NHBC registered builder**

The Property must be covered by the NHBC Buildmark Scheme.

If the Loan is to be released in stage payments, our valuer will need to inspect the Property before each stage payment (including the final stage payment) is released. We cannot release a stage payment unless our valuer is satisfied with the progress of construction (or, in the case of the final stage payment, the Property when complete).

If you do not wish the Loan to be released in stage payments, the Property must be completed to the satisfaction of our valuer before any part of the Loan can be released.

We will charge a fee each time our valuer inspects the Property. The amount of this fee is set out in our Tariff and may be varied from time to time in accordance with Mortgage Condition 12.5 (which is set out in Section Two on page 12). The fee will be deducted from the stage payment to which it relates (or from the advance if there are no stage payments) unless you pay it to us in advance.

## **27. Self-build properties – building guarantee scheme**

The Property must be covered by a building guarantee scheme which we have approved.

If the Loan is to be released in stage payments, our valuer will need to inspect the Property before each stage payment (including the final stage payment) is released. We cannot release a stage payment unless our valuer is satisfied with the progress of construction (or, in the case of the final stage payment, the Property when complete).

If you do not wish the Loan to be released in stage payments, the Property must be completed to the satisfaction of our valuer before any part of the Loan can be released.

A fee will be charged each time our valuer inspects the Property. The amount of this fee is set out in our Tariff and may be varied from time to time in accordance with Mortgage Condition 12.5 (which is set out in Section Two on page 12). The fee will be deducted from the stage payment to which it relates (or from the advance if there are no stage payments) unless you pay it to us in advance.

### **28. Consumer Credit Act 1974**

The Loan will not be regulated under the Consumer Credit Act 1974.

### **29. Self-build insurance**

You must have self-build insurance in force before construction of the Property starts. You must send us a copy of the policy and/or the schedule as soon as possible. We will not release any part of the Loan until we have inspected the policy and/or the schedule to ensure that it meets our requirements.

### **30. Contractors all risk insurance**

You must have contractor's all risk insurance in force before construction of the Property starts. You must send us a copy of the policy and/or the schedule as soon as possible. We will not release any part of the Loan until we have inspected the policy and/or the schedule to ensure that it meets our requirements.

### **31. Valuation report**

We enclose a copy of the Valuation Report for Mortgage Purposes that we have obtained. Please read the important notice on it. Please also read Condition 43(h) in this Section One.

### **32. Staff mortgage scheme**

Your mortgage account will be administered under our Staff Mortgage Scheme for as long as the first person named in the Mortgage Offer is employed by us. The initial Monthly Payment is shown in the Mortgage Offer. Mortgages under our Staff Mortgage Scheme may be regarded by HM Revenue & Customs as a benefit in kind.

### **33. Rights of way**

The Property may be affected by rights of way, wayleaves or easements. The Conveyancer must make enquiries and advise us of any replies received.

### **34. Rights of access**

Rights of way to and from the Property (including rights of way for vehicles) must not be restricted. The Conveyancer must make enquiries and advise us of the replies received. If the Property is served by a private road, the Conveyancer must enquire whether you will be liable for repairs and maintenance of it and advise us of the replies received. The Conveyancer must also advise us whether there are any plans or agreements to adopt the road.

### **35. High alumina cement**

We require an expert's report as to whether the Property contains or is likely to contain any High Alumina Cement. Depending on the expert's opinion, we may need to amend or even withdraw your Mortgage Offer. You must obtain the report and send it to us as soon as possible.

### **36. Road charges**

The Conveyancer must enquire whether you will be liable to pay any road charges in respect of the Property and advise us of the replies received.

### **37. Certificate of title – special requirements**

The Certificate of Title must be completed and signed by a senior partner in the firm. You should not complete or sign the Certificate of Title yourself.

### **38. Pre-fabricated properties**

The Property must have the benefit of a guarantee from PRC Homes Limited. We will need to see a copy of the guarantee certificate before we can release any part of the Loan. You must keep the original certificate safe following completion and send it to us if we ask.

### **39. Pre-fabricated properties – repairs to be undertaken**

Repairs to the Property must be carried out by PRC Homes Limited. We will need to see a copy of the guarantee certificate for the repairs before we can release any part of the Loan. You must keep the original certificate safe following completion and send it to us if we ask.

### **40. Additional borrowing request form**

This condition no longer applies.

## 41. Residual debt

This condition no longer applies.

## 42. Purchase of equity

We need to approve the Deed of Transfer before it is executed. This condition applies in place of the instruction to the Conveyancer contained in the BSA Mortgage Instructions. We cannot release any part of the Loan until the Conveyancer has confirmed that the Deed of Transfer, in the form approved by us, has been executed.

## 43. All offers

(a) We have a right to change your Mortgage Offer or to withdraw it altogether and decide not to make a Loan. We will only exercise our right to change or withdraw your Mortgage Offer if any of the following apply;

(i) the Conveyancer tells us that they cannot comply with any of our instructions or cannot give a clear Certificate of Title for the Property;

(ii) there has been a material change in your financial circumstances since you applied for the Loan which is likely to have a material impact upon your ability to afford the Loan.

(iii) your application contains false or misleading information;

(b) You must execute a Deed of Legal Charge in our standard form before the Loan is released. The Loan must be used for the purpose(s) (if any) specified in the Mortgage Offer.

(c) If there is an Early Repayment Charge, it will be set out in your Mortgage Offer.

(d) You will have to pay:

(i) a redemption administration charge (in addition to any Early Repayment Charge) when you repay the Loan; and

(ii) any fees and charges that we incur in connection with repayment of your Loan or release of our Mortgage.

Our redemption administration charge is set out in our Tariff and may be varied from time to time in accordance with Mortgage Condition 12.5 (which is set out in Section Two on page 12).

(e) If you have a fixed rate Loan, the Interest Rate is fixed for a period at the start of the Mortgage Term. After this period, it will be variable which means that it can go both up and down from time to time.

If you do not have a fixed rate Loan, the Interest Rate will be variable throughout the Mortgage Term. See your Mortgage Offer and Condition 6 of our Mortgage Conditions (which is set out in Section Two on pages 10).

The Monthly Payment shown in your Mortgage Offer does not take into account interest charged during the calendar month in which the Loan is released. Shortly after completion of the Loan, we will send you a letter telling you how much this interest is, and it will be added to the first Monthly Payment. The amount of the first Monthly Payment may vary if the interest rate charged on the Loan is changed between the date of the Mortgage Offer and the date of the first Monthly Payment.

(f) Your Mortgage must start during the period stated in your Mortgage Offer. We may agree to an extension of this period.

(g) Vacant possession of the Property must be given to you when you legally complete your purchase of it. This means that no one should be living in the Property or renting it (unless we agree otherwise).

(h) The Valuation Report for Mortgage Purposes is not the same as a structural survey. You should not treat it or rely on it as a structural survey. The valuation of the Property in the report is for our purposes only and may not be the same as the market value or its value to you.

We do not accept any responsibility for the report or the valuation or make any representation that it is correct.

In some cases and at our discretion, we may rely upon an electronic valuation (which does not require the valuer to carry out an inspection of the Property) or the valuer may carry out an external appraisal only. If the valuation of the Property is carried out using one of these methods, a copy of the valuation report will not be provided to you.

Where an inspection has been carried out, there may well be defects, including serious structural defects, that are either not noticed or not referred to you. We do not accept any responsibility for the valuation or report or make any representation that it is correct in any respect.

(i) As a separate legal agreement and in consideration of us taking further steps towards completion of the Mortgage, you agree with us that you will be responsible for the Conveyancer's charges and disbursements, whether or not completion actually takes place.

(j) If we arrange insurance for the Property, the cover will be linked to the Royal Institution of Chartered Surveyor's House Rebuilding Cost Index (or any replacement index that we may reasonably select) and will be adjusted each year in line with any movement in this index.

The premium may therefore change each year. The insurer will not be liable for any loss or damage that happened before cover started under the policy.

(k) On completion of your mortgage, you will be bound by the terms and conditions of your Mortgage Offer, including these conditions (to the extent that they apply after release of the Loan), our Mortgage Conditions 2015 and our Rules. Our Mortgage

Conditions appear in Part Two of this booklet. Our Rules appear in a separate booklet, which is available on request from any of our branches or by calling our contact centre.

You should read all terms carefully and keep them in case you need to refer to them in the future.

- (l) We may transfer your Mortgage and any assignment or other connected deeds and documents to another body which may not be a building society or associated with a building society. If we transfer your Mortgage, you will not be a borrowing member of the Society by virtue of the Mortgage any longer. You will no longer have the rights and obligations of a borrowing member. When you complete the Mortgage, you give your general consent to us to make a transfer.
- (m) References to the Deed of Legal Charge, the Loan, Mortgage Offer or mortgage application form shall, where appropriate, include reference to a Deed of Further Legal Charge, additional borrowing, Offer for Additional Borrowing or additional borrowing application form. References to the Conveyancer are to the person or firm

appointed by us to act on our behalf in relation to the preparation and completion of the Mortgage and our security.

- (n) If the proceeds of any endowment policy or pension policy or other investment or savings plan are not sufficient to repay the Mortgage Debt at the end of the Mortgage Term, you will still have to repay the balance due to us. Please see your Mortgage Offer.

We do not hold ourselves out as having any expertise to advise you or to make any representation or warranty regarding the performance or future performance of any policy or plan which you hold. The only exception is where either we or one of our subsidiary companies have sold you the policy or plan and, even then, we will rely on the facts of the case and any limitations of our liability or conditions which we made known to you at the time. We recommend that if you hope to use the proceeds of any policy or plan to repay your mortgage at the end of the Mortgage Term, you obtain advice from a suitably qualified professional.



# SECTION TWO – MORTGAGE CONDITIONS 2015.

## 1. About these Conditions

These **Conditions**, when read with your **Mortgage Offer**, set out the terms that govern your **Agreement** with us.

## 2. Meanings of particular words and phrases

2.1 In these **Conditions**, some words and phrases have particular meanings. These words and phrases appear in bold print and start with a capital letter and their meanings are set out below. (They are also used in the **Mortgage Offer**, where they start with a capital letter but are not in bold print).

**Agreement** the terms and conditions on which we agree to make a **Loan** to you, including these **Conditions** and your **Mortgage Offer**. If we have agreed to make more than one **Loan** to you, the **Agreement** includes the terms and conditions of each **Mortgage Offer**.

**Borrower** you (and your legal representatives). If there is more than one of you, **Borrower** means all of you together and each one of you separately.

**CCA Agreement** an agreement for a **Loan** that is a regulated agreement under the Consumer Credit Act 1974.

**Conditions** these mortgage conditions. **Condition** means any one of them.

**Costs** all costs we incur, as set out in **Condition 12.6**.

**Early Repayment Charge** any charge payable on early repayment of a **Loan** (or any part of it), as set out in your **Mortgage Offer**.

**Fee** any fee we charge under **Condition 12.1**.

**Interest Rate** the rate or rates of interest payable by you on any **Loan** (or any part of it) as varied from time to time.

**LPA** the Law of Property Act 1925.

**Loan** each amount of money we lend to you under the **Mortgage**, including any additional borrowing.

**Monthly Payment** the amount of money you must pay each month. (The **Monthly Payment** can go up and down – see **Condition 5**).

**Mortgage** any deed of legal charge relating to the **Property** that you sign and complete and which says that these **Conditions** are incorporated in it.

**Mortgage Debt** all the money you owe us in respect of **Loans** secured by the **Mortgage** and all other money payable by you under the **Agreement**.

**Mortgage Offer** the document offering you a **Loan** including any terms and conditions referred to in it.

**Mortgage Term** the period of time for repayment

of a **Loan**, as set out in your **Mortgage Offer**. The **Mortgage Term** may be varied by agreement.

**Payment Date** the date in each month your **Monthly Payment** is due to be paid. (We will notify you of the **Payment Date**).

**Property** the property referred to in the **Mortgage**.

**Rules** the rules of the Society in force from time to time. A copy of these can be obtained from any of our branches or by calling our contact centre.

**Tariff** our list of fees and charges as published from time to time.

**Transfer** a sale, assignment, mortgage, charge or other transfer of our rights under the **Agreement**.

2.2 In these **Conditions**, any reference to Acts of Parliament includes any changes made to them.

2.3 In these **Conditions**, references to "you and "your" are to the **Borrower** and references to "the Society", "we", "us" and "our" are to Yorkshire Building Society trading as Norwich & Peterborough Building Society and N&P and any body with which we merge or which takes over our business or the **Mortgage** or to which our rights are transferred under **Condition 19**.

2.4 If your **Loan** is made under a **CCA Agreement**, these **Conditions** apply with certain variations. These are set out in the special conditions at the end of this booklet.

2.5 If you have more than one **Loan**, references to the **Loan** are references to each **Loan** considered separately and references to **Monthly Payments**, the **Mortgage Term** and the **Payment Date** mean the **Monthly Payments**, **Mortgage Term** and **Payment Date** which apply to the **Loan** in question.

2.6 If there is any inconsistency between the **Conditions** and the **Mortgage Offer**, the terms of the **Mortgage Offer** will apply.

2.7 The headings in these **Conditions** are not to be taken into account in interpreting them.

## 3. The Rules

You will automatically become a borrowing member of the Society when the **Mortgage** is completed. The **Rules** apply to you as a borrowing member of the Society. If we transfer the **Mortgage** under **Condition 19** you will cease to be a borrowing member and the **Rules** will cease to apply to you unless you are also a member on another basis.

## 4. The Security

4.1 The **Mortgage** is security for the **Mortgage Debt** and will not be released until the **Mortgage Debt** has been repaid in full.

4.2 If there are any other mortgages or charges affecting the **Property** apart from ours then, unless we have priority over them or we have agreed to them in writing, we may pay them off on your behalf. You must repay to us any amounts we have paid when we call on you to make payment. Interest on these amounts will be charged at the **Interest Rate** from the date we call for payment until you pay us.

## 5. Repayment

5.1 You must repay the **Mortgage Debt** in respect of each **Loan** by the end of the **Mortgage Term** relating to that **Loan**.

5.2 You must make **Monthly Payments**. If your **Loan** is a repayment loan, the **Monthly Payment** will be calculated so as to pay off the **Loan** and interest and all other amounts you owe us under these **Conditions** by the end of the **Mortgage Term**. If your **Loan** is an interest only loan, the **Monthly Payment** will be calculated so that interest and other amounts you owe us under the **Agreement** (other than the **Loan** itself and any **Fees** and **Costs** that are added to the **Mortgage Debt**) are paid by the end of the **Mortgage Term**. Your **Mortgage Offer** will tell you whether your **Loan** is repayment or interest only. It may be that one part of the **Loan** is on a repayment basis and the other part on an interest-only basis.

5.3 **Monthly Payments** may be adjusted either up or down to take account of changes in the **Interest Rate**, the amount of the **Mortgage Debt** or the **Mortgage Term** or any other changes to the terms of the **Mortgage** (including any change in the repayment method) that we may agree to.

## 6. Interest

6.1 You must pay us interest on the **Mortgage Debt** at the **Interest Rate** from the time we send the **Loan** to you or to the conveyancer acting on our behalf. Interest will be calculated on a daily basis, and is payable as part of each **Monthly Payment**. However, each **Monthly Payment** will be calculated on the basis of one-twelfth of a year, and not on the basis of the exact number of days in the particular month.

6.2 Interest will be added to the **Mortgage Debt** (and therefore itself attract interest at the **Interest Rate**) on the last day of each month, unless it has been paid.

6.3 Interest will continue to be charged at the **Interest Rate** even if we get a court order against you.

6.4 Unless the **Agreement** provides otherwise, we may vary the **Interest Rate** we charge you for one or more of the following reasons:

- (a) to respond, proportionately, to changes in the Bank Rate (or base rate) set by the Bank of England (or the nearest equivalent rate set by the Bank of England or any body which may in the future take over responsibility for interest rate setting from the Bank of England);
- (b) to preserve, increase or reduce margins between

interest rates paid to our investors or the providers of funds to us and interest rates charged to borrowers from us, so far as is reasonably necessary to raise sufficient funds and to attract and retain sufficient investors to maintain our financial strength;

(c) to respond, proportionately, to any increases or reductions in the costs we reasonably incur in operating our residential mortgage business;

(d) to respond, proportionately, to any increase or reduction in our risk if there has been a change in the way the **Property** is used or occupied;

(e) to respond, proportionately, to the requirements or recommendations of the Financial Conduct Authority and the Prudential Regulation Authority or any other body responsible for regulating our business or the requirements or recommendations of the Financial Ombudsman Service or any other appropriate ombudsman;

(f) to respond, proportionately, to any changes, or changes of interpretation, in the relevant laws or codes of practice relating to financial service providers;

(g) to comply with our **Agreement** with you;

(h) if we transfer your **Mortgage**, or if we acquire mortgage loans from another lender, or our business is merged with another mortgage lender, to enable us to harmonise interest rates charged to residential mortgage customers in a reasonable manner.

6.5 We will give you notice of a change in the **Interest Rate** by advertising it or by sending it to you. The change will take effect from the date specified in the notice (but this will not be earlier than the date of the notice itself).

6.6 If we advertise the **Interest Rate** change, we will put the notice in one national newspaper and two local newspapers circulating in East Anglia. We may change the newspapers we use at any time. You can find out the current list of newspapers we use by asking at any of our branches or by phoning our principal office or by looking at our website. We will also publicise an **Interest Rate** change in leaflets displayed in our branches. However, if we fail, accidentally, to display these leaflets in any branch, this will not make the **Interest Rate** change ineffective. We may also (but are not obliged to) advertise **Interest Rate** changes on our website.

## 7. Payments

7.1 All payments in respect of your **Mortgage Debt** must be made by direct debit, or in any other way that we may agree or reasonably require.

7.2 For payments by direct debit, you are responsible for making sure that there is enough money in your bank account to cover the payments when they are due to be collected. Payments by any other method are at your risk, and you are responsible for making sure that

they reach us on time.

- 7.3 Payments received in respect of your **Mortgage Debt** will be applied in the following order, unless we reasonably decide otherwise:
- (i) first, towards any interest due and payable, and then (if there is any left over);
  - (ii) towards any outstanding **Fees** and **Costs**, insurance premiums and **Early Repayment Charges**, and then (if there is any left over);
  - (iii) towards repaying outstanding **Loans** (**Loans** made earlier being repaid first).

## 8. Rights relating to the Property and powers of attorney

- 8.1 By signing and completing the **Mortgage** you transfer to us the benefit of any rights relating to the **Property** under property law or any contracts or guarantees or insurance, including rights to the payment of money. You also transfer to us the benefit of any rights to receive compensation for any sort of damage to the **Property**.
- 8.2 If you receive any money arising from the rights mentioned in **Condition** 8.1, you must hold it on our behalf.
- 8.3 Our rights under **Conditions** 8.1 and 8.2 will only last until the **Mortgage Debt** has been repaid.
- 8.4 By signing and completing the **Mortgage**, you give us a power of attorney (that is, a power to act on your behalf) to recover any money due in respect of the rights mentioned in **Condition** 8.1, including taking any necessary legal action.
- 8.5 You also give us a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these **Conditions** and also to transfer any shares you may hold in any residents' association or management company in connection with the **Property** if we sell the **Property** under **Condition** 16.
- 8.6 The powers of attorney in **Conditions** 8.4 and 8.5 are given to us as security for the **Mortgage Debt** and cannot be withdrawn by you. They will, however, come to an end when the **Mortgage Debt** is repaid.
- 8.7 We will not use the powers of attorney unless one of the events mentioned in **Condition** 13 has occurred and we have told you that our right to use the power has arisen.
- 8.8 If the **Property** is held on a lease, and you want to extend the lease or buy the freehold of the **Property** or the building which includes the **Property**, then you must tell us. The **Mortgage** automatically covers any extended lease or freehold interest from the time of the extension or acquisition. You must sign any additional documentation that we may reasonably require to confirm this.

## 9. Your obligations to us

- 9.1 Until the **Mortgage Debt** is repaid you must do the following:
- (a) comply with the **Agreement**;
  - (b) look after the **Property** and keep it in good condition;
  - (c) properly finish any building work on the **Property**;
  - (d) pay all rents, rates and other charges payable in respect of the **Property** when due;
  - (e) comply with all legal restrictions, obligations and conditions affecting the **Property**;
  - (f) comply with all planning and environmental laws and unless you have reasonable grounds for not doing so, the requirements of local and other authorities;
  - (g) send us within seven days of receipt by you, unless you have reasonable grounds for not doing so, a copy of any notice received from a local authority, or other third party such as a landlord, that might reasonably be considered important in respect of the **Property** such as, but not exclusively, council enforcement order, notice of outstanding ground rent, compulsory purchase order, notification from insurers that the **Property** must undergo major structural works or be rebuilt, notification that a property is at high risk of flooding;
  - (h) allow our representatives access to the **Property** to check on its condition and use, so long as we give you reasonable notice and specify a reasonable time;
  - (i) allow us to hold any deeds or documents relating to the **Property** if we so require;
  - (j) sign and execute all documents and do all other things that we may reasonably require to ensure that the security granted to us by the **Mortgage** is in full force and effect.
- 9.2 Until the **Mortgage Debt** is repaid you must NOT do any of the following in relation to the **Property** unless we have agreed in writing that you can:
- (a) apply for any improvement or other grant;
  - (b) change its structure, demolish it or change its use;
  - (c) create any lease or licence, or terminate or change any lease (and any statutory right you may otherwise have to do this will not apply);
  - (d) create (or allow to exist) any **Mortgage** or charge other than this one;
  - (e) create any circumstances (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.
- 9.3 We will not unreasonably refuse a request from you to do something under **Condition** 9.2 (apart from 9.2(e)), but we may require a **Fee** or additional interest to be paid as a condition of giving our consent. The amount of any **Fee** may be set out in the **Tariff**. If it is not, we

will set the **Fee** or additional interest at a reasonable amount in the light of the circumstances in question.

## 10. Insurance

- 10.1 The **Property** must be adequately insured at all times. The insurance must cover loss or damage by fire and such other risks as we may reasonably require. The amount of the cover must be initially at least the amount required in the **Mortgage Offer**.
- 10.2 You may arrange the insurance yourself, or you may ask us to arrange it. If you agree to arrange the insurance yourself and fail to do so, or if your insurance is not approved by us under **Condition 10.4**, then we may (but we are not obliged to) arrange the insurance.
- 10.3 If we arrange the insurance, we will use an insurance broker or insurance company of our choice, and this may be one of our subsidiary companies. We will not have to pay on to you any commission we earn for arranging the insurance. We may change the broker or insurer from time to time. You must pay (or reimburse us for the cost of) the premiums.
- 10.4 If you arrange the insurance, then the insurance company and the terms of the policy must be approved by us. Our interest must be noted on the policy. We will not unreasonably refuse our approval, but we may charge you a **Fee** for checking the policy. The amount of the **Fee** is set out in our **Tariff** and may be changed in accordance with **Condition 12.5**. You must pay the premiums when due and provide us with a copy of the insurance schedule as evidence that you have paid the premiums, as and when we reasonably request it. However, we are not under any obligation to you to check that your policy is in force.
- 10.5 If you arrange the insurance, we are not under any obligation to you to check the adequacy of the insurance. It is your responsibility to make sure that the insurance is adequate at all times. The amount of the insurance cover must be increased as necessary so as to ensure that this is the case.
- 10.6 If there is a possible claim on the insurance then you must make a claim. We may take control of the claim and (acting reasonably) agree settlement with the insurance company. The power of attorney you give us in **Condition 8.4** covers this.
- 10.7 You have the right to choose whether any money received by you or us from any insurance in respect of the **Property** is used in making good the damage or loss that was the reason for the claim or in or towards payment of the **Mortgage Debt**, unless the **Property** cannot lawfully be repaired or the **Mortgage Debt** has become payable under **Condition 13**. In those cases, the money must be applied in or towards payment of the **Mortgage Debt**.
- 10.8 You must not do or allow anything to be done that might make the insurance invalid.
- 10.9 You must not, without our written consent, put in place any buildings insurance in respect of the **Property**,

other than the insurance required by this **Condition 10**. We will not unreasonably refuse our consent.

- 10.10 Any money received by you from any insurance relating to the **Property** must be held on our behalf unless and until it is used as required by **Condition 10.7**.

## 11. Our power to remedy

- 11.1 If you do not carry out any of your obligations under the **Agreement**, we may (but we do not have to) carry it out. For this purpose we may have reasonable access to the **Property**. If we have access this does not mean we have taken possession of the **Property**.
- 11.2 If we incur any **Costs** as a result of our acting under **Condition 11.1**, you must reimburse us as soon as we ask you to. If you do not, the amount of the **Costs** will be added to the **Mortgage Debt** and interest will be charged at the **Interest Rate** in accordance with **Condition 6**.

## 12. Fees and Costs

- 12.1 We may charge **Fees** in relation to the operation of your account and for providing any service in connection with the **Agreement**.
- 12.2 **Fees** specific to your **Agreement** are set out in your **Mortgage Offer**.
- 12.3 Details of our other standard **Fees** are set out in our **Tariff**. We will send you a copy of our current **Tariff** at least once a year, but you can obtain a copy of it by contacting us or looking at our website.
- 12.4 We will notify you of any **Fees** charged. Any **Fees** charged and not paid will be added to the **Mortgage Debt** and interest charged on them. If the **Fee** relates to a particular **Loan**, interest will be charged at the **Interest Rate** applicable to that **Loan**. Otherwise, interest will be charged at the **Interest Rate** applicable to the first **Loan** made under the **Mortgage**.
- 12.5 Unless otherwise stated in your **Mortgage Offer**, we may change the **Fees** we charge to respond (proportionately) to:
  - (a) changes in the costs we incur;
  - (b) the requirements or recommendations of the Financial Conduct Authority and the Prudential Regulation Authority or any other body responsible for regulating our business or the requirements or recommendations of the Financial Ombudsman Service or any other appropriate ombudsman;
  - (c) any changes, or changes of interpretation, in the relevant laws or codes of practice relating to financial service providers.
- 12.6 You must also reimburse us for all reasonable expenses that we, or any receiver appointed by us, may incur. If you do not, the amount of these **Costs** will be added to the **Mortgage Debt** and interest will be charged at the **Interest Rate** in accordance with **Condition 6**. These **Costs** may arise if you fail

to do what you have promised to do under these **Conditions**, or if we exercise any of the rights we have under these **Conditions** or by law, or if we take any action to safeguard our security, or under **Condition 15**. **Costs** may include a reasonable amount in respect of our internal administrative expenses. They may also include legal costs of a reasonable amount which we have reasonably incurred. You have the right to ask for an assessment of legal costs.

- 12.7 Where it is possible to estimate the expenses we are likely to incur in particular situations, the amount of the **Costs** will be set out in our **Tariff**. When they are set out in the **Tariff** they may be changed for any of the reasons set out in **Condition 12.5**.

### 13. Events on which the Mortgage Debt becomes payable

- 13.1 If any of the events set out in **Condition 13.2** happen, we may require you to pay the **Mortgage Debt** immediately, in which case you must do so.

- 13.2 The events mentioned in **Condition 13.1** are:

- (a) you do not pay when due, and still owe us, an amount equal to two **Monthly Payments** or more;
- (b) you are in breach of any other material obligation under this **Agreement** and you have failed to remedy the breach within a reasonable time of us requesting you to do so;
- (c) the **Property** is destroyed or compulsorily purchased;
- (d) you become bankrupt or unable to pay your debts;
- (e) you abandon the **Property**;
- (f) the **Mortgage** becomes unenforceable;
- (g) the **Loan** has been obtained as the result of fraud;
- (h) the application for the **Loan** on which we based our lending decision contained information which was untrue or misleading and as a result the security for the **Loan** has been seriously adversely affected.

### 14. Consolidation

We may require you to repay all mortgages you have with us before we release the **Mortgage**. Section 93 of the **LPA** will not apply.

### 15. Redemption

Subject to **Condition 14**, you may redeem the **Mortgage** at any time by repaying the **Mortgage Debt** together with interest up to the date of repayment and any **Fees** and **Costs** and **Early Repayment Charges**. You must also pay us any **Costs** that we have to pay any third party (such as the Land Registry) in connection with the redemption.

### 16. Our remedies

- 16.1 The statutory powers that we have as a mortgage lender under the **LPA** will come into force the day after the **Mortgage**. For the purposes of these powers, the **Mortgage Debt** will be treated as due then.

- 16.2 When the **Mortgage Debt** becomes immediately due and payable under **Condition 13** we may exercise the powers given to mortgagees by the **LPA** free from any of the restrictions contained in Section 103 of the **LPA**. In particular, we may:

- (a) take possession of the **Property**;
- (b) appoint a receiver (who may be a person employed by us) or exercise any power given to a receiver under **Condition 16.4** below;
- (c) sell the **Property** by any method we reasonably consider appropriate, taking into account the nature of the **Property** and its condition at the time of sale or disposal;
- (d) let the **Property**, furnished or unfurnished, at such rent and on such terms as we reasonably think fit;
- (e) repair, alter or improve the **Property** as we reasonably think fit, either to preserve the **Property** or our security.

- 16.3 No purchaser or other person dealing with us or any receiver need enquire whether the **Mortgage Debt** has become immediately due and payable or whether any power has become exercisable, or to check on the use made of any money paid to us or to any receiver.

- 16.4 A receiver:

- (a) will be entitled to be paid reasonable fees or commission, and will be appointed by us on such other terms as are reasonable in the circumstances;
- (b) will be your agent (and you will be responsible for the receiver's acts and omissions), except if the receiver is our employee;
- (c) will be entitled, in addition to the receiver's statutory powers, to collect and receive any rents from the **Property**, and to exercise any power which we would be able to exercise;
- (d) will be entitled to pay any money owing by or to you in such order of priority as the receiver thinks fit.

- 16.5 If we sell the **Property** and the amount we obtain for it (after deducting all our expenses) is insufficient to repay the **Mortgage Debt**, you agree, independently of any other **Conditions**, to pay us the shortfall with interest at the **Interest Rate** calculated in the manner set out in **Condition 6**.

### 17. Mistakes

If we release the security given to us by the **Mortgage**, you will still remain liable for the **Mortgage Debt** if we find out that we made a mistake in calculating the

amount of the **Mortgage Debt** due to be repaid on release of the **Mortgage**. However, we will not rely on this **Condition** unless we have told you about the mistake within three months after the date of the release or if we would not otherwise be entitled to pursue you for the shortfall under the general law.

## 18. Furniture etc.

If we take possession of the **Property** or appoint a receiver of it, we may remove, store and/or sell or otherwise dispose of any furniture, personal items or animals in it. We will notify you before we do this. You will be responsible for any **Costs** we incur. We will account to you for any sale proceeds we receive (after deducting our reasonable expenses), but otherwise we will not be responsible for any loss caused to you. This power does not give us any interest in, or charge over, furniture, personal items or animals.

## 19. Transfer of your Mortgage

- 19.1 We may transfer any of our rights under the **Mortgage** and/or the **Loan** at any time. By signing the **Mortgage**, you give your consent to any **Transfer**.
- 19.2 We may provide to any transferee (or potential transferee) information about you, your mortgage account and the **Property**.
- 19.3 Following a **Transfer**, the transferee can exercise our rights to the same extent as we could before the **Transfer**.

## 20. Joint Borrowers

If there is more than one of you, each of you is responsible for the full amount of the **Mortgage Debt**.

## 21. General

If we decide to relax any of the terms of the **Agreement**, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.

## 22. Notices

- 22.1 Any notice that we send you under the **Agreement** will be effective if it is in writing and:
  - (a) served personally on you;
  - (b) left at, or sent through the post (in a pre-paid envelope) to, the **Property**; or
  - (c) sent through the post (in a pre-paid envelope) to your last known address.
- 22.2 If the notice is sent through the post it will be regarded as having been given to you on the second day after posting, if first class post is used, and otherwise on the fourth day after posting.
- 22.3 If there is more than one of you, one notice addressed to all of you will count as a notice to all of you except when we have an agreed additional address for one or more of you, in which case we will send an extra copy of the notice to that address.

- 22.4 If we issue any court claim against you and your last known address is not an address in the United Kingdom, unless you have provided us with an alternative address for service which is within the United Kingdom, we may serve the claim and any other documents associated with the claim by sending them to you through the post (in a pre-paid envelope) to the **Property**.

## 23. Rights of third parties

Only you and we may enforce the terms of the **Agreement** and accordingly the Contracts (Rights of Third Parties) Act 1999 does not apply to the **Agreement**. (This Act allows persons other than those who are parties to a contract to enforce the terms of the contract in certain circumstances.)

## 24. Life assurance

If we have any requirements as to life assurance in connection with the **Mortgage** they will be set out in the **Mortgage Offer**.

## 25. Separate terms

If we cannot enforce any term of the **Agreement**, this will not stop us from enforcing the others. Each term is separate from the others.

## 26. Governing law

The **Agreement** is governed by English law.

## Special conditions for Consumer Credit Act Agreements

For a **Loan** that is a **CCA Agreement**, these **Conditions** apply with the following changes:

- (a) references to the **Mortgage Offer** are replaced by the **CCA Agreement**;
- (b) the provisions relating to monthly payments in the **CCA Agreement** apply;
- (c) **Conditions** 6.5, 6.6, 7.3, 14, 15 and 22 have effect subject to any specific requirements of the Consumer Credit Act 1974;
- (d) **Condition** 10 does not apply;
- (e) **Condition** 13.1 has effect only after we have given you the notice required to be given under the Consumer Credit Act 1974.

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

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