

Terms and conditions

England and Wales

CHL
Mortgages.

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1. Definitions and Aids to Interpretation

1.1. The following definitions apply to these Conditions:-

- 1.1.1. **"Act"** means the Law of Property Act 1925.
- 1.1.2. **"Bank of England Base Rate"** means the interest rate from time to time at which the Bank of England lends money to financial institutions and if no such service or rate is available, the Bank of England Base Rate shall be such rate of interest as we determine.
- 1.1.3. **"Business Day"** means a day other than a Saturday or Sunday or bank holiday on which banks in London are generally open for the transaction of business.
- 1.1.4. **"Company"** means a limited company or a limited liability partnership (as applicable).
- 1.1.5. **"Contract For The Mortgage"** means the contract for the Mortgage between you and us comprising the terms set out in the Finance Documents.
- 1.1.6. **"Customer Declaration"** means the declaration signed by you or on your behalf.
- 1.1.7. **"Early Repayment Charge"** means the charge (if any) stipulated in the Mortgage Offer as payable by you upon early repayment of the Secured Amounts.
- 1.1.8. **"Event of Default"** means any of the events or circumstances specified as such in Condition 10.2 or in the Mortgage Offer.
- 1.1.9. **"Finance Document"** means these Conditions, the Security Documents, the Mortgage Offer, the Customer Declaration and any other document entered into from time to time between us and you and/or any Guarantor and "Finance Documents" means any number or combination of such.
- 1.1.10. **"Guarantee"** means any guarantee and indemnity granted by the Guarantor(s) (if any) in favour of us.
- 1.1.11. **"Guarantor"** means the person or persons named as guarantor in the Mortgage Offer (if any).
- 1.1.12. **"HMO"** means a residential property where at least 3 tenants live there, forming more than 1 household and tenants share a lavatory, bathroom or kitchen facilities with other tenants.
- 1.1.13. **"Initial Gross Advance"** means the amount initially provided to your solicitor upon completion as more particularly specified in the Mortgage Offer plus any fees, commissions, insurance premiums and/ or other sums properly due from you to us or paid by us and debited to your account on or before the Release Date and, for the avoidance of doubt excludes any sums

retained by us on the Release Date as set out in the Mortgage Offer.

- 1.1.14. **"Interest Only Mortgage"** means a mortgage loan (or part of a mortgage loan) by which we agree to accept each Monthly Payment representing payment of interest only and "Interest Only" shall be construed accordingly.
- 1.1.15. **"Interest Rate"** means such rate of interest as shall from time to time be determined by us as applicable to the Mortgage in accordance with the Contract For The Mortgage and notified to you or any other rate we agree with you from time to time.
- 1.1.16. **"Land Registration Act"** means the Land Registration Act 2002.
- 1.1.17. **"Lease"** means where the Property is leasehold the lease under which you hold the Property and any instrument supplemental to it or which is expressed to be collateral to it or entered into pursuant to or in accordance with its terms.
- 1.1.18. **"Lender's Privacy Policy"** means the privacy policy maintained by us from time to time which can be found at chli.co.uk and you can ask us for a copy of this.
- 1.1.19. **"Month"** means a calendar month.
- 1.1.20. **"Monthly Payment"** means the sum payable by you to us on a monthly basis as appearing in the Mortgage Offer on the Payment Date as may be varied or recalculated from time to time in accordance with the terms and conditions herein and as notified to you.
- 1.1.21. **"Mortgage"** means the mortgage loan advanced to you pursuant to the terms of the Finance Documents.
- 1.1.22. **"Mortgage Deed"** means the deed of charge executed by you in connection with the Mortgage as security for the Secured Amounts.
- 1.1.23. **"Mortgage Exit Administration Fee"** means the fee described in Condition 13 below.
- 1.1.24. **"Mortgage Offer"** means the offer of the Mortgage by us to you headed such (including any Special Conditions set out therein) and any amendments or additions thereto in which we offer to enter into a Mortgage with you.
- 1.1.25. **"Mortgage Term"** means the term of the Mortgage as set out in the Mortgage Offer.
- 1.1.26. **"Payment Day"** means the agreed Business Day in each Month following the Release Date on which we agree that the Monthly Payment is due to be paid, as may be varied from time to time.

- 1.1.27. **"Principal Sum"** means at any time, subject to anything contained in the Mortgage Offer, the aggregate of the amount of the Initial Gross Advance and any further sums paid, advanced or capitalised which it is agreed are secured by the Mortgage Deed less any principal amounts repaid from time to time.
- 1.1.28. **"Property"** means all the freehold, leasehold (including any extended term) or immovable property charged to us by you under the Mortgage Deed and references to the Property shall (unless the context otherwise requires) include all Related Rights, any part or parts or the whole of the Property and buildings and fixtures now erected or in the course of erection or hereafter to be erected thereon and includes all rights attached to it.
- 1.1.29. **"Receiver"** means a receiver, a receiver and manager and/or administrative receiver appointed by us to, amongst other things, receive and collect rent in relation to the Property.
- 1.1.30. **"Related Rights"** means and includes:
- sums which (under any statute or law or contract and whether as a right or ex gratia or otherwise) may be or become payable in respect of the Property or any damage or injury to it or depreciation of it;
 - the benefit of any obligation, security, right or indemnity affecting or concerning the Property;
 - the benefit of any easement, right of way or licence on or over any adjacent or neighbouring property; and
 - without prejudice to the generality of (a), (b) and (c) above, all your rights to be paid or receive compensation under any statute by reason of malicious damage or of any compulsory acquisition or other exercise of compulsory powers in relation to the Property or any refusal, withdrawal or modification of planning permission or approval relative thereto or any control or limitation imposed upon or affecting the use of the Property and so that the production of the Mortgage Deed to the authority or person liable to pay such compensation shall be sufficient authority to it or him to pay all such monies to us.
- 1.1.31. **"Related Persons"** means your spouse or civil partner, a person (whether or not of the opposite sex) whose relationship with you has the characteristics of the relationship between husband and wife or a close relative of yours (including, but not limited to, your parent, brother, sister, child, grandparent or grandchild) or, if you are a Company, any director, member, officer, shareholder, or employee or any spouse or civil partner of any director, member, officer, shareholder or employee, or any person (whether or not of the opposite sex) whose relationship with any director, member, officer, shareholder or employee has the characteristics of the relationship between husband and wife or close relative of any director, member, officer, shareholder or employee (including, but not limited to any parent, brother, sister, child, grandparent or grandchild) of any director, member, officer, shareholder or employee.
- 1.1.32. **"Release Date"** means the date we release the Initial Gross Advance to your solicitor.
- 1.1.33. **"Rental Income"** means the gross rents, and other monies receivable now or in the future at any time by you in respect of or arising out of any lease or tenancy or other letting out or occupation of the Property or any agreement for lease or tenancy or other letting out or occupation otherwise without limitation derived by you from the Property or otherwise paid to or received by you in respect of the Property (including without limitation all interest payments on all such sums, the proceeds of insurance in respect of loss of rent, and the whole of any future increase in rent).
- 1.1.34. **"Repayment Mortgage"** means a mortgage loan (or part of a mortgage loan) by which you covenant to repay the capital (as well as interest) by Monthly Payments.
- 1.1.35. **"Secured Amounts"** means all present and future indebtedness (including but not limited to any further advance), liabilities and obligations which are or may become payable by you, whether solely or jointly, actual or contingent and whether as principal or surety, to us from time to time under any document, including but not limited to, the Principal Sum, any money we may lend you in the future (whether or not connected to your original Mortgage Offer) and all costs, fees, expenses, interest and losses save that the security you give to us does not apply to any monies which you owe us under an agreement which is regulated by the Consumer Credit Act 1974 unless that agreement itself says that the security also covers the lending under that agreement.
- 1.1.36. **"Security Documents"** shall mean the Mortgage Deed and any Guarantee and deed of subordination entered into in connection with the Mortgage, and all amendments and supplements thereto and all replacements thereof and all other documents providing security or creating a Security Interest for your obligations under the Mortgage from time to time.

- 1.1.37. **"Security Interest"** means any mortgage, charge (whether fixed or floating, legal or equitable), pledge, right of set-off, lien, assignment by way of security or other security interest whatsoever including such as arises or is imposed by operation of law or any enactment and **"Security Interests"** means any number or combination of such.
- 1.1.38. **"Special Conditions"** means the special conditions applicable to the Mortgage as set out in the Mortgage Offer.
- 1.1.39. **"us" / "we" / "our"** means CHL Mortgages for Intermediaries Limited of Ellice Way, Wrexham Technology Park, Wrexham, LL13 7YT incorporated and registered in England and Wales with company number 12954007 and our transferees, successors and assignees including any legal and/or equitable assignee (whether by way of absolute assignment or by way of novation or by way of security only and those deriving title under it or them).
- 1.1.40. **"Year"** means a calendar year from 1st January to 31st December save where the context otherwise requires.
- 1.2. Any reference to statute shall be deemed to include any subordinate statute thereunder and any amendment or re-enactment thereof with or without modification.
- 1.3. A reference to a "document" in these Conditions shall mean any deed instrument or other document of any kind and a reference to any document means a document as may be amended, restated or supplemented from time to time.
- 1.4. References to the "you", "your" and the "Guarantor" include their respective personal representatives and where applicable their permitted assigns and other persons deriving title under each of them and where there is more than one includes each and every one of them.
- 1.5. If more than one person is comprised in the expressions the "you", "your" or the "Guarantor" covenants and obligations on the part of or terms applicable to you or the Guarantor (as the case may be) shall be deemed to be covenants and obligations of or terms applicable to all such persons jointly and each of them severally and any one of you can give us instructions and where you are a Company, any one of your directors or members (as applicable) can independently give us instructions and we do not need to check with the other persons before acting on those instructions but we may choose to do so.
- 1.6. Words importing the masculine gender only shall include the feminine and neuter genders (as the case may be) and references to the singular shall include the plural and vice versa.
- 1.7. References to a person or company are to be construed to include references to a corporation, firm, company, partnership, limited liability partnership, limited partnership, joint venture, unincorporated body of persons, individual of any state or any agency of a state, whether or not a separate legal entity, Her Majesty's Government, local authority or body established by any enactment.
- 1.8. The headings in these Conditions shall not affect their interpretation.
- 1.9. These Conditions incorporate the Mortgage Offer (including the Special Conditions contained therein) and where anything in these Conditions is inconsistent with the Mortgage Offer the terms of the Mortgage Offer shall prevail. These Conditions form part of and should be read in conjunction with the Mortgage Deed.

2. Representations and Warranties

You represent and warrant that:

- 2.1. No Event of Default has occurred which has not been remedied by you and/or each Guarantor (if any) or waived by us in writing and no Event of Default is reasonably likely to result from the making of any loan by us to you.
- 2.2. No litigation (save as disclosed in writing to us prior to the Release Date) or bankruptcy, insolvency or administrative proceedings (or any other analogous proceedings in any jurisdiction) is pending or (so far as you and/or each Guarantor (if any) knows) threatened against you and/or each Guarantor (if any) or any assets held (as applicable) by you and/or each Guarantor (if any).
- 2.3. With effect from the date of the Mortgage Deed and at all times thereafter you will be the legal and beneficial owner of the Property free from encumbrances save for those created in our favour under the Security Documents and shall have good, valid and marketable title to (or valid leases or licenses of) and all appropriate authorisations to use the Property.
- 2.4. Each of the Security Documents creates the Security Interests which it purports to create, and those Security Interests are valid and effective.
- 2.5. Your ownership of the Property, your entry into and performance of your obligations, and your granting of security under the Security Documents, do not and will not contravene any law or regulations or other agreement or instrument to which you are subject and all government or other consents required for such entry, performance and granting have been obtained or effected and are in full force and effect.
- 2.6. Your obligations and the obligations of the Guarantor (if any) under the Finance Documents are legal, valid, binding and enforceable.

2.7. All information supplied by or on your behalf to us in contemplation of or for the purposes of the Mortgage was true, complete and accurate in all material respects as at its date and not misleading and did not omit anything, nor since the date of such information has anything occurred, which renders that information untrue or misleading in any material respect or which, if disclosed, might adversely affect the decision of a person considering whether to enter into the Mortgage.

If you are a Company (in addition to the warranties and representations set out above) you further represent and warrant that:-

- 2.8. You are a private limited liability company or a limited liability partnership (as applicable), duly incorporated and validly existing in England and Wales and have full power to own and charge your assets (including without limitation, the Property) and carry out your business activities.
- 2.9. You have and the Guarantor has the legal power to enter into and perform and deliver your or their obligations under the Finance Documents and you have and the Guarantor has taken all necessary action to authorise the execution and delivery of and performance of your or their obligations under the Finance Documents.
- 2.10. No limit on your powers will be exceeded as a result of the borrowing, grant of Security Interests or giving of guarantees or indemnities contemplated by the Finance Documents to which you are a party.
- 2.11. Since the date of your most recent financial statements delivered to us, there has been no material adverse change in your business, assets or financial condition.
- 2.12. You have not breached any law or regulation applicable to you and you are not materially overdue in filing of any tax returns or financial statements required under statute.

Each of the representations and warranties set out in this Condition 2 are made at the time the Mortgage completes and, save for Condition 2.7, are each deemed to be repeated on each Payment Day throughout the Mortgage Term.

3. General Covenants

You agree to do the following:

- 3.1. not, without our prior written consent (which will not be unreasonably withheld or delayed), release or grant time or any other indulgence whatsoever or otherwise deal with any of the Rental Income or debts charged to us under the Mortgage Deed or do anything whereby the recovery of or under the same may be impeded;
- 3.2. not, without our prior written consent, create or permit to exist any Security Interest upon the Property or the Rental Income which will rank before the Security Interest created by the Mortgage Deed and not, without our prior written consent (which will

not be unreasonably withheld or delayed) consent, create or permit to exist any Security Interest upon the Property or the Rental Income which will rank after the Security Interest created by the Mortgage Deed;

- 3.3. not, without our prior written consent (which will not be unreasonably withheld or delayed), dispose of the Property;
- 3.4. not cause or permit any person (other than you) to be registered under the Land Registration Act as proprietor of the Property;
- 3.5. not negotiate, waive or settle any claim for compensation in respect of the compulsory acquisition, loss of or damage to or reduction in the value of the Property;
- 3.6. not, without our prior written consent (which will not be unreasonably withheld or delayed), apply to any planning authority for planning consent in respect of the Property and not, without our prior written consent, make any structural alterations or additions thereto;
- 3.7. unless stated in the Mortgage Offer or our prior consent is obtained, not at any time to use or allow any part of the Property to be used other than as a private dwelling in the occupation of residential tenants;
- 3.8. not at any time to change the use of the Property without our prior consent (which will not be unreasonably withheld or delayed);
- 3.9. not at any time to allow the Property to be occupied by you, a Guarantor or a Related Person.
- 3.10. not allow the Property to be used for any illegal or immoral purposes;
- 3.11. if the Property shall be left vacant for a period exceeding 28 days, you shall pay immediately on demand any additional insurance premiums payable to maintain insurance cover thereon and comply with any conditions imposed by insurers;
- 3.12. not, without our prior written consent (which will not be unreasonably withheld or delayed), apply for or obtain an improvement grant or other similar grant;
- 3.13. not, without providing us with at least 10 days' prior notice, change the correspondence address previously provided to us under these Conditions;
- 3.14. unless we have agreed otherwise in the Mortgage Offer, not become resident or take up residence outside of England and Wales without:
- 3.14.1. providing us with at least 30 days' prior notice of such change in residence;
- 3.14.2. providing us with a new correspondence address;
- 3.14.3. irrevocably appointing a person or company domiciled in England or Wales to act as your agent for the service of process in relation to any proceedings before the English courts in connection with any Finance Document and providing evidence (in form and substance

- satisfactory to us) or the acceptance by such process agent of such appointment; and
- 3.14.4. notifying us of the identity and correspondence address for the agent appointed above;
- 3.15. not do or permit or suffer to be done any act or thing nor make any omission whereby the Property may become subject to any statutory or other charge which is or may be or become binding upon us;
- 3.16. notify us immediately in writing of any notice or information received by you concerning any proposal for the compulsory acquisition of the Property or any other matter which might affect the Property or the value of the Property and (at your cost) to take any action regarding the same as we may require;
- 3.17. keep the Property in good and substantial repair and condition and good decorative order;
- 3.18. perform, observe and enforce (where applicable) all covenants stipulations regulations and agreements affecting the Property including but not limited to payment of ground rent and service charges (if applicable);
- 3.19. comply with all statutory and other requirements of all competent authorities which affect or relate to the Property;
- 3.20. punctually pay all taxes, rates and outgoings payable on the Property and to discharge all liabilities which rank or may come to rank in priority;
- 3.21. allow us (and any persons authorised by us) to have access to the Property at all reasonable times to (at your cost) carry out any survey or inspection which we may reasonably deem necessary and (at your cost) to do any work which you have failed to do in accordance with your obligations under these Conditions;
- 3.22. where any retention has been made pending the completion by you of specified works to the Property, to effect these works within six Months, or other timeframe stated in the Mortgage Offer, of the date of the Mortgage Deed to the satisfaction of our valuer and to pay his re-inspection fee;
- 3.23. charge to us by way of legal mortgage (in such form as we shall reasonably require) any extended or renewed lease term in the Property which may hereafter be acquired by you or additional land incorporated into the Property or added to the title to the Property at the Land Registry;
- 3.24. you shall from time to time at our request provide to us such information about your business, assets, legal and beneficial ownership (if applicable), board of directors or members and/or management team (if applicable) and financial condition and the condition of the Property as we may reasonably require;
- 3.25. promptly notify us of the occurrence of any Event of Default;
- 3.26. where, at any time during the continuance of all Security Interests created by the Mortgage Deed, the Property or any part of it is intended to be developed, to request our prior written consent to any such development (such consent to be provided by us in our absolute discretion);
- 3.27. comply with any recommendations and carry out any works required by us or our valuation report (and any valuation report arising from re-inspection of the Property) within the time required by us and to promptly supply documentary proof of compliance with our requirements;
- 3.28. not make an election pursuant to paragraph 2 of schedule 10 to the Value Added Tax Act 1994 in relation to land and/or buildings comprising the Property without our prior written consent;
- 3.29. forward any title deeds to the Property to us promptly upon request;
- 3.30. inform us of any right to bring court proceedings against any person in connection with the Property and to hold any such rights on trust for us. You will take such action in relation to those rights as we may reasonably require at your cost;
- 3.31. promptly upon request, provide us with any further information and documentation which we may reasonably request in relation to you, any Guarantor, the Property or the Rental Income;
- 3.32. if the Property is leasehold:
- 3.32.1. you will do all that you can to ensure that the landlord and any other party to the Lease complies with their obligations under the Lease;
- 3.32.2. you will promptly inform us of any proposal to take a new or extended lease of the Property or to acquire the freehold of the Property;
- 3.32.3. you will promptly inform us of any proposal to convert the leasehold title to commonhold and we reserve the right to require repayment of the Secured Amounts in such an event;
- 3.32.4. you will not sub-let the Property in any way without our prior written consent;
- 3.32.5. you will not allow the Lease to come to an end, agree to any changes in its terms without our prior written consent or breach any of its terms at any time; and
- 3.32.6. if the Lease requires the lessee to be a member of a management company, you shall retain and produce to us on demand your share certificate or other certificate of membership of such management company, and you irrevocably and by way of security appoint us as your attorney and in your name to become a member of a management company in accordance with the terms of the lease, establish a management company where entitled to do so under the terms of the Lease or execute a transfer of such share or membership to any person to whom we

may transfer or assign the Property under our powers under these Conditions;

- 3.33. where you are a Company you will:
- 3.33.1. obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation required under any law or regulation applicable to you to enable you to perform your obligations under and in connection with the Finance Documents, ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document and to carry on your business;
 - 3.33.2. comply in all respects with all laws to which you may be subject, if failure so to comply has or in our opinion is reasonably likely to have a material adverse effect and we reserve the right to require repayment of the Secured Amounts in such an event;
 - 3.33.3. not enter into any amalgamation, demerger, merger or reconstruction or any joint venture or partnership agreement or arrangement without our prior written consent and we reserve the right to require repayment of the Secured Amounts in such an event;
 - 3.33.4. not make or allow to be made any change to your directors, members or shareholders (including as to the number or proportion of shares held by each shareholder) (as applicable) without our prior written consent and we reserve the right to require repayment of the Secured Amounts in such an event; and
 - 3.33.5. provide us with a Guarantee if we request such a Guarantee

PROVIDED ALWAYS that where our prior written consent is required under the sub-conditions, we may charge a fee for considering your request for consent, whether or not consent is provided. We may also impose any condition on the provision of consent which is reasonable.

4. Conditions Relating to Letting of the Property

You agree that:

- 4.1. unless we have agreed otherwise in the Mortgage Offer, you will let the Property within one Month of the date of the Mortgage Deed for an assured shorthold tenancy (or occupational agreement if the Property is in Wales);
- 4.2. you will do all that you can to ensure that the tenant or occupier of the Property and any other party to the lease complies with the terms of any lease and notify us if any tenant or occupier of the Property or any other party to the lease does not comply with the terms of such lease;
- 4.3. you will not at any time occupy the Property yourself or allow any Related Person to occupy the Property as a dwelling on the basis of a rental agreement or otherwise;
- 4.4. you will not, without our prior written consent:

- 4.4.1. agree to change any of the terms of any lease or breach any term of any lease;
- 4.4.2. allow the tenant or occupier of the Property to do anything which, if you had done it, would be a breach of these Conditions; and
- 4.4.3. grant any new or extended lease or license, unless it complies with the Mortgage Offer and any requirements which we may from time to time specify;
- 4.5. if the Property ceases to be let, you will immediately notify us and do all that you can to re-let the Property as soon as possible and will comply with any terms of any insurance policy relating to the Property remaining vacant;
- 4.6. you will place all rent deposits received from your tenants with a recognised Government approved tenancy deposit protection scheme;
- 4.7. you will at all times comply with all statutes, regulations, by-laws and other legislation which applies or affects the Property and/or the letting thereof;
- 4.8. you will not at any time allow the Property to be let on a secured basis or enter into any arrangement which creates or could create a secure tenancy of any kind;
- 4.9. you will ensure that all tenancy agreements are made in writing and are signed by all the parties;
- 4.10. you will at all times obtain and maintain all licences and authorisations which may be required by any competent authority and supply a copy thereof to us promptly on demand; and
- 4.11. you will not use the Property for any purpose or business other than that of residential letting.

5. Covenant To Pay

- 5.1. You agree to pay us the Secured Amounts as and when they become due under the Finance Documents.
- 5.2. The Mortgage Deed is a continuing security which means that if the Secured Amounts are reduced to zero and a further advance is made after that, the Mortgage Deed remains in place to secure that further advance and any other liabilities which you may owe to us from time to time. We shall not be obliged to release any Security Interest except where the Secured Amounts have been paid in full.
- 5.3. If the Principal Sum (together with any interest accrued thereon) is not repaid in full one Month after the Release Date as required by the Mortgage Deed and provided always that:
 - 5.3.1. there has been no breach of any obligation (express or implied) by you under the Finance Documents or any Guarantor under any Guarantee; and
 - 5.3.2. the power of sale applicable to the Mortgage shall not have become exercisable, then, and in such case, we shall accept the payment of each Monthly Payment on the Payment

Day in every Month by direct debit from an account in your name, and the payment of all other monies to be paid to us by you as and when they become due. We will notify you of the date of the first Monthly Payment and the amount after the Release Date. You can only make your Monthly Payment on a Business Day. If the Payment Date is not a Business Day, the Monthly Payment will need to be made on the next Business Day. If that Business Day falls in the next Month, the Payment Date will be brought forward to the last Business Day of the Month. You can ask us to change the Payment Date but this may change the amount of interest you will have to pay on the Secured Amounts and so the amount of the Monthly Payment may change.

5.4. The Monthly Payment may be varied in order to ensure that the Secured Amounts shall be repaid within the Mortgage Term so as to take account of:-

- 5.4.1. any variation in the Interest Rate;
- 5.4.2. any change in the amount of the Secured Amounts (including any unpaid interest, fees and expenses);
- 5.4.3. any variation in the method of calculation of interest or the Payment Date;
- 5.4.4. further monies advanced to you;
- 5.4.5. arrangements made with you whereby payments in respect of any insurance undertaken by us are to be met by you;
- 5.4.6. any correction of any mistake made by us where it is reasonable for us to do so;
- 5.4.7. any variation in the repayment period, suspension of payments or capitalisation of arrears;
- 5.4.8. if an Interest Only Mortgage has come to an end for whatever reason;
- 5.4.9. any variation to ensure compliance with the BACS rules from time to time; and/or
- 5.4.10. any other matters which we may consider appropriate.

We will give you reasonable notice of any changes to the Monthly Payment as a result of the factors listed above and we will tell you the new Monthly Payment amount within such period as is required under Direct Debit and Bacs Direct Credit Scheme rules from time to time before the new Monthly Payment amount is due.

5.5. If any direct debit payment is refused by your bank then we shall, without prejudice to any other of our rights and remedies, be entitled to charge a reasonable administration fee as set out in our tariff of mortgage charges from time to time for each unsuccessful application for payment and such fee shall be payable by you on demand and until paid shall carry interest at the Interest Rate. You agree not to close the account from which the direct debit is collected or cancel or alter the direct debit mandate.

If you do close your account from which the direct debit is collected, you must make arrangements to make each Monthly Payment through another such account and give us details of the replacement account from which you will be making your Monthly Payment and a new direct debit instruction prior to the following Payment Date. Notwithstanding any other term of these Conditions, you may not make your Monthly Payment using another method of payment unless we agree to this and the alternative method of payment may incur a fee.

- 5.6. If any payment due from you is in arrears or has not been paid then without prejudice to our rights pursuant to Condition 10 hereof, such late payment shall itself bear interest at the Interest Rate in respect of the period commencing on the repayment date it became due and payable and ending on the date of actual payment and all provisions contained in the Finance Documents in relation to the Principal Sum and interest thereon shall apply to such sum but provided always that we may at any time and from time to time enforce payment of any such sum and we shall be entitled to charge an administration fee as set out in our tariff of mortgage charges from time to time in connection with dealing with arrears.
- 5.7. We may at any time or times in our absolute discretion (but shall not be obliged to) accept payments other than those payable under these Conditions or may remit any payments or give further time for the payment of any of the Secured Amounts or generally make any other arrangements as to the mode or time for payment of any money (whether in the nature of principal interest or otherwise). Any such arrangement shall not in any way prejudice or affect the power of sale or other powers conferred on us or render us liable for the exercise of any such power nor release or in any way affect or lessen the liability of the Guarantor (if any).
- 5.8. If we make a concession to you by allowing the suspension or postponement of any payments then such concession may in our absolute discretion be withdrawn without recourse to you or any Guarantor at any time upon reasonable notice sufficient to allow you to arrange the recommencement of such payments and shall in any event be revoked automatically upon the occurrence of an Event of Default.
- 5.9. Each payment made by you to us shall be applied towards satisfying the Secured Amounts in such order or in such proportion (including as to principal, interest or otherwise) as we in our absolute discretion think fit.
- 5.10. Any money paid by you shall be treated as received by us only when we receive the money in cleared funds.
- 5.11. If all or part of the Mortgage is on the basis of a Repayment Mortgage, each Monthly Payment (or the relevant part of each Monthly Payment as applicable) will include a part repayment of the Principal Sum and a payment of interest. We will calculate the Monthly

Payment to make sure that the capital relating to the repayment element is repaid over the Mortgage Term.

- 5.12. If all or part of the Mortgage is on the basis of an Interest Only Mortgage, each Monthly Payment (or the relevant part of each Monthly Payment as applicable) will be made up solely of interest on the amount owed and not any part of the Principal Sum. This means that you will have to repay the whole of the loan (or the relevant part of the loan, as applicable) that is on an Interest Only basis on the last day of the Mortgage Term. You must make arrangements to ensure that you are able to do this. It is your responsibility to ensure that the value of any repayment vehicle which you are relying upon will be sufficient to repay the Interest Only element in full at the end of the Mortgage Term and that any financial arrangement to repay the Interest Only element is in place and remains in force. If the repayment vehicle or other arrangements does not produce enough money to repay the Interest Only element in full on the last day of the Mortgage Term, you will be responsible for paying the shortfall from another source and interest may be charged on any shortfall. You shall supply to us promptly, from time to time and upon our request, information about the repayment vehicle or other arrangements which you intend to use to repay the Interest Only element.

- 5.13. If all or any part of the Mortgage is an Interest Only Mortgage, we may (but we are not obliged to) change the repayment method to a Repayment Mortgage if an Event of Default occurs or the information supplied to us leads us to consider that you are unlikely to be able to repay the Secured Amounts in full on the last day of the Mortgage Term. We will give you written notice before exercising our right under this Condition 5.13 and will only exercise our right if we are satisfied, acting as a responsible, reasonable and prudent lender, that you will be able to afford the revised Monthly Payment.

- 5.14. For the purposes of calculating the Monthly Payment, we shall assume that each month is an equal 12th part of the Year.

- 5.15. If your Mortgage is part of a portfolio of buy to let loans that you have with us then this Condition 5.15 applies to each of your buy to let loans with us. If, in respect of each such buy to let loan, you have a mortgage on one or more than one property with us then:

5.15.1. in the event that you repay or have repaid the Principal Sum in relation to any mortgage you have with us, we may at our discretion refuse to release from that mortgage the property or properties, if more than one, charged to us under that mortgage if we believe there is insufficient security under any separate mortgage over another property or properties for repayment of any other sum owed by you under that other mortgage; and

- 5.15.2. we may take and use any money which we have received from you or which we hold for you or is due to you, to pay any sums which are due for payment by you in relation to any buy to let loan you have with us (whether under a mortgage, loan, guarantee or otherwise) but which has not been paid. We will give you written notice when we have done this.

6. Interest

- 6.1. Interest is payable in accordance with the Mortgage Offer from and including the Release Date and shall accrue on a daily basis on the amount of the Principal Sum from time to time until repaid in full and shall be payable both before and after any judgment against you. We will notify you after the Release Date of the date and amount of interest in respect of the period from the Release Date to the beginning of the following Month.
- 6.2. Interest shall be computed and, if applicable, compounded according to our current practice from time to time. We shall be entitled to compound interest both before and after any judgment against you.
- 6.3. For the avoidance of doubt, interest shall only be charged on any retention with effect from and including the date on which it is released to you unless otherwise specified in the Offer.

7. Interest Rate Changes

- 7.1. During the duration of the Mortgage Term, we may vary the Interest Rate, subject always to Condition 7.2, to take effect as and from the date specified by us for any of the following valid reasons:
- 7.1.1. to reflect market conditions or general banking or other lending practice or the practice of providers of financial services;
- 7.1.2. to reflect funding costs or the cost of providing or operating the services or facilities made available under the Mortgage including any charge caused by inflation;
- 7.1.3. to enable us to administer the Mortgage more efficiently or at less cost;
- 7.1.4. because of changes in the law, codes of practice or the way we are regulated;
- 7.1.5. if you change the use of the Property after the Release Date;
- 7.1.6. to take account of any decision, guidance or recommendation of any court, tribunal, ombudsman, regulator or similar body; or
- 7.1.7. to take account of any change in the circumstances relating to the conduct of the Mortgage or the use of occupation of the Property or any of the events listed in Condition 10.2 occurring.

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

- 7.2. If a change in the Interest Rate is required in accordance with Condition 7.1 above:
- 7.2.1. we shall inform you as soon as reasonably practicable of any such variation and any event no later than the date falling 30 days before such change in the Interest Rate is to take effect;
 - 7.2.2. without prejudice to the generality of the foregoing, written notice given in accordance with Condition 19 shall constitute informing you for the purpose of this Condition; and
 - 7.2.3. you shall be free to immediately repay all or any part of the Secured Amounts and terminate the Contract for the Mortgage before the end of the Mortgage Term.
- 7.3. If the Interest Rate is based upon the Bank of England Base Rate, it will vary in line with changes to the applicable Bank of England Base Rate. Any such change will take effect at the beginning of the following Month. If the applicable Bank of England Base Rate is less than 0% at any time, the applicable Bank of England Base Rate will be deemed to be 0%. As a result of a change to the applicable Bank of England Base Rate, we will advise you of any change to the Bank of England Base Rate and may change the Monthly Payment you make by giving reasonable advance written notice to you. Any notice given will state when the change in the Interest Rate will come or did come into force. The change to the Monthly Payment will take effect on the next Payment Day following expiry of the notice period given to you.

8. Early Repayment of the Loan

- 8.1. You may repay all or any part of the Secured Amounts at any time before the end of the Mortgage Term, but an Early Repayment Charge may apply under Condition 8.2. When a partial early repayment is made, we will recalculate your Monthly Payment.
- 8.2. If for any reason you repay all or any part of the Principal Sum before the end of the Mortgage Term, you must pay:
- 8.2.1. any Early Repayment Charge which the Mortgage Offer requires you to pay on an early repayment; and
 - 8.2.2. our fees in connection with the repayment as set out in our tariff of mortgage charges from time to time,
- even if the early repayment (and any necessary Early Repayment Charge) results from the operation of Condition 10.1.
- 8.3. If the mortgage account is divided into different parts, you may give us written instructions informing us which part of the mortgage account is to be credited with the early payment. If you do not, we will credit the payment to whichever part of the mortgage account we elect.

9. Rental Income

On or after the occurrence of an Event of Default, if we consider it reasonable to do so, we may demand that you pay us the Rental Income from any occupiers of the Property as payment towards the Secured Amounts and that you notify any occupiers of the Property of the assignment of Rental Income in our favour. If we give you notice that we require you to pay us the Rental Income, you agree to hold any Rental Income received on trust for us and to pay the amounts to us on receipt as payment towards the Secured Amounts. You also agree that you will notify any occupiers of the Property of the assignment of Rental Income in writing.

10. Our Powers on and from the Occurrence of an Event of Default

- 10.1. Each of the events or circumstances described in Condition 10.2 and any event described as such in the Mortgage Offer shall be an Event of Default. The whole of the Secured Amounts shall be immediately due and payable in full on demand upon the occurrence of an Event of Default unless and until such Event of Default has been remedied to our satisfaction or waived by us in writing.
- 10.2. Section 103 of the Act does not apply to the Mortgage and our statutory power of sale (as varied and extended in accordance with these Conditions) shall be immediately exercisable upon the occurrence of any of the following Events of Default:
- 10.2.1. if you fail to pay (a) amounts owing to us equal (in aggregate) to two or more of your Monthly Payments or (b) any ground rent or service charges payable under any Lease Non-payment of a Monthly Payment in full by a Payment Day shall be deemed to constitute arrears and we may exercise our rights to notify the appropriate credit reference agencies of such arrears;
 - 10.2.2. if you fail to pay any other amount due to us on any account when the same becomes due and these equal the sum of two or more of your Monthly Payments;
 - 10.2.3. if you do not repay the Secured Amounts by the end of the Mortgage Term in accordance with the terms of the Contract For The Mortgage;
 - 10.2.4. if there is a material or persistent breach of any representation, warranty, covenant or any obligation on your part;
 - 10.2.5. if you become or are deemed to be insolvent or you become bankrupt or any step is taken towards your bankruptcy or if any step is taken with a view to you entering into a composition or arrangement with your creditors;

- 10.2.6. on any sale of the Property without our prior written consent;
- 10.2.7. if the Mortgage Deed or any Guarantee is terminated, void or otherwise unenforceable;
- 10.2.8. if any information, representation or statement which you or any guarantor have provided or which has been provided on your behalf in connection with the Mortgage or any Guarantee is false or misleading or you or any guarantor have failed to provide any information which would have affected our decision to enter into the Mortgage or any Guarantee or the terms upon which we have entered into the Mortgage or any Guarantee;
- 10.2.9. if the Property is leasehold, if you break the terms and conditions of the lease, which we reasonably believe could harm our security;
- 10.2.10. it becomes unlawful for you or us to perform our respective obligations under the Mortgage or for either of us to be a party to the Mortgage;
- 10.2.11. it becomes unlawful for a Guarantor or us to perform our respective obligations under the Guarantee;
- 10.2.12. you use the Property as an HMO except as disclosed in your mortgage application or otherwise where we consent to this, or you breach condition 4.7 in relation to your use of the Property as an HMO;
- 10.2.13. your death;
- 10.2.14. if you become incapable by reason of mental incapacity of managing your affairs;
- 10.2.15. if the Property or any part of it is compulsorily purchased or requisitioned or notice is given of such;
- 10.2.16. if the Property is damaged and, in our opinion, or that of our agent, the value of our security is lowered to a significant extent;
- 10.2.17. if any person takes any form of legal, administrative or regulatory action in relation to the Property which we reasonably believe could harm our security;
- 10.2.18. if another lender or security holder takes possession of the Property, appoints a Receiver of the Property or exercises or tries to exercise a power of sale over the Property;
- 10.2.19. if you are involved in any serious criminal or fraudulent activity;
- 10.2.20. if an event occurs or circumstances exist which in our reasonable opinion is or are likely to materially and adversely affect your ability to perform all or any of your obligations under or otherwise comply with the terms of the Contract for the Mortgage or, if applicable, the Guarantor's ability to satisfy its obligations pursuant to the Guarantee;
- 10.2.21. if we do not receive the Security Interest and/or legal title to the Property required pursuant to the Mortgage Offer or any other Finance Document or any of the Security Documents ceases to be legal, valid, binding or enforceable;
- 10.2.22. if you enter into any contract or agreement which affects or amends (or is designed to affect or amend) the title to the Property in any way (whether before or after completion of the Mortgage);
- 10.2.23. if you at any time occupy the Property yourself or if you at any time allow any Related Person to occupy the Property or if you let the Property in any way which is not permitted pursuant to the terms of the Contract for the Mortgage;
- 10.2.24. if you conduct any business at the Property other than residential letting;
- 10.2.25. if you let the property for any reason which is not wholly and predominantly for the purpose of a business carried on, or intended to be carried on, by you;
- 10.2.26. if you are a Company and:
 - a) a notice of intention to appoint an administrator or a Receiver is served, an application to appoint an administrator is made or a petition is presented (or resolution passed by you) for a winding-up or dissolution or a provisional liquidator is appointed, or a liquidator or administrator is appointed, or a Receiver or manager is appointed, or any analogous steps are taken;
 - b) in respect of a limited liability partnership, you have less than two members at any time;
 - c) you are dissolved or cease to carry on your business;
 - d) there is any change in your legal or beneficial ownership or there is any change of control of you without our prior written consent; or
 - e) your SIC code changes, you cease to be registered in the United Kingdom or your shareholders or directors cease to be UK residents;
- 10.2.27. if you dispose or cease to carry on your business or a substantial part of it;
- 10.2.28. anything detailed in Conditions 10.2.1 to 10.2.27 above occurs in relation to any Guarantor.
- 10.2.29. if your Mortgage is part of a portfolio of buy to let loans that you have with us then it is an Event of Default and the Secured Amounts shall become immediately due and payable if any event of default occurs in relation to any other such buy to let loan.

- 10.3. The power of sale and incidental powers conferred by the Act are hereby extended and varied to authorise us at our absolute discretion to:-
- 10.3.1. enter into possession of the Property or any part thereof or into receipt of the rents or profits of the Property or any part thereof;
 - 10.3.2. appoint one or more Receivers of the Property and your other property charged under or pursuant to the Security Documents, each of whom shall have the power to act alone;
 - 10.3.3. sell, exchange, lease or in any other way dispose of the Property at any time, regardless of whether a Receiver has been appointed in respect of the Property or not;
 - 10.3.4. with a view to selling the Property (or offering it for sale) at your expense to repair replace and develop the Property and to apply for any appropriate permission licence or approval;
 - 10.3.5. insure the Property against such risks (in addition to loss or damage by fire) and for such amounts as we may consider prudent;
 - 10.3.6. obtain an updated valuation of the Property at your expense as set out in our tariff of mortgage charges from time to time;
 - 10.3.7. cancel any commitment or offer we may have made to lend you any further money; and/or
 - 10.3.8. do anything an absolute owner could do with the Property, including but not limited to:
 - a) borrowing money or settling claims arising out of in connection with the Property; and
 - b) giving or accepting surrender of any lease, licence or tenancy affecting the Property on terms, and subject to, such conditions as we think fit.
- 10.4. The powers of leasing and accepting surrenders of leases conferred by sections 99(2) and 100(2) of the Act are hereby extended and varied to authorise us at any time after our power of sale has become exercisable for such consideration (or in relation to Condition 10.4.2 without consideration) and on such terms as we may in our absolute discretion consider appropriate and whether or not we are in possession of the Property and whether or not a Receiver of the Property has been appointed:-
- 10.4.1. grant any lease whatsoever of the Property subject to and with the benefit of such covenants conditions and provisions and generally upon such terms whatsoever as we may think fit including a lease which does not comply with sub-sections (3) to (10) of section 99 of the Act; or
 - 10.4.2. accept or agree to accept any surrender of a lease of the Property without regard to the conditions specified in sub-sections (2) to (5) of section 100 of the Act.
- 10.5. If upon entry by us into possession of the Property it shall contain any furniture or chattels which you shall not remove within fourteen days of possession then and in every such case we shall have full authority at your expense and risk to remove store sell or dispose of the same in such manner as we shall think fit but nothing contained in the Mortgage Deed shall confer on us any charge or rights in respect of such furniture or chattels or to the proceeds of sale thereof PROVIDED ALWAYS that we shall be under no liability whatsoever for any loss or damage occasioned by the exercise or purported exercise of such authority and the indemnity contained in Condition 16.1 shall extend to liability on our part in respect of any furniture or chattels which are not your sole unencumbered property.
- 10.6. If on the realisation of any Security by us and/or a Receiver in accordance with these Conditions, the net proceeds receivable shall be insufficient to discharge the Secured Amounts in full, you will pay the amount of any shortfall together with interest at an interest rate determined by us in accordance with Condition 7. Furthermore, any release of the Security to enable a sale of the Property to proceed shall not adversely affect or prejudice our right to recover the Secured Amounts (together with interest) after such sale.
- 10.7. In relation to any Receiver appointed by us the following provisions shall apply:
- 10.7.1. such Receiver shall have the same powers as are conferred under these Conditions on us in addition to his statutory powers and where we appoint more than one Receiver, they shall have the power to act either together or on their own;
 - 10.7.2. such Receiver shall be your agent who shall alone be responsible for his remuneration at such rates as may be agreed between the Receiver and us and we may from time to time agree the fees and expenses charged by any Receiver at any reasonable level (and any statutory restriction shall not apply);
 - 10.7.3. such Receiver shall have power in respect of any work incidental to the Receivership to employ and pay agents;
 - 10.7.4. such Receivers shall have power with a view to letting or selling the Property (or offering it for sale) at your expense to repair replace and develop the Property and to apply for any appropriate permission licence or approval;
 - 10.7.5. section 109 of the Act shall apply as if sub-section (8) (iv) thereof reads "in payment of the monies (whether for interest or otherwise) in arrears or accruing due under the mortgage";
 - 10.7.6. such Receiver may be an employee or officer of us or any other person at our discretion;
 - 10.7.7. notice requiring payment of the Secured Amounts shall not be required prior to the appointment of any Receiver;
 - 10.7.8. we may remove a Receiver and appoint a

replacement Receiver in his place at any time;

10.7.9. the Receiver may sever any fixtures from the Property and sell the same apart from the Property, without taking possession of the Property, and it shall be lawful for the Receiver to do all such acts in relation thereto as it deems appropriate without your consent and such acts shall be binding on you; and

10.7.10. so far as the law allows, any money received by the Receiver shall be used by him as follows:

- a) in meeting any claims which have priority to the Mortgage;
- b) in payment of the costs and expenses relating to his appointment and the exercise of his powers and meeting any expenses relating to the Property which he has paid;
- c) in payment of the Receiver's fees;
- d) in payment of the Secured Amounts; and
- e) any balance to be paid to the person entitled to it.

10.8. Monies received by us from any Receiver may be applied in or towards the repayment of the Secured Amounts as we may in our absolute discretion determine.

10.9. If you fail to observe or punctually to perform any of your obligations under the Finance Documents, we shall have power on your behalf or otherwise to perform the obligations and to take any steps which we may in our reasonable discretion consider appropriate to remedy the failure but so that the exercise of that power or the failure to exercise it shall in no circumstances prejudice our rights under this Condition 10 and the waiver by us of any breach of these Conditions shall not prevent the subsequent enforcement of any of them and shall not be deemed a waiver of any subsequent breach. Any failure or delay by us in exercising any right or remedy hereunder shall not operate as a waiver of or exclude us from exercising any other rights provided by law.

11. Property Insurance

11.1. You also agree:

11.1.1. to keep the Property insured with a reputable insurer to its full re-instatement value (which shall be not less than the amount determined by us and which must be index-linked or reviewed annually) until such time as all of the Secured Amounts have been repaid and discharged in full.

Such insurance shall include cover:

- i) for professionals' fees including any value added tax;
- ii) for the costs of demolition and debris removal, shoring or propping up; and
- iii) against loss or damage caused by terrorism, fire, storm, tempest or flood,

burst pipes or water tanks, lightning, explosion, riot, civil commotion, malicious damage, vandalism, impact by aircraft or other aerial devices or articles dropped therefrom, or by any road vehicle, train animal or falling trees, earthquake, subsidence, heave and landslip and such other normally insurable risks of loss or damage as we may from time to time specify, and in every case in the joint names of you and us or our interest noted with us named as first loss payee;

11.1.2. promptly, to pay all premiums and other sums payable in respect of all insurances effected under these Conditions;

11.1.3. not to do or permit to be done any act or thing or omission on the Property which may prejudicially affect any insurance policy relating thereto or which may increase the premium payable thereunder;

11.1.4. to hold any monies received by you from any insurance of the Property (whether maintained under these Conditions or not and/or (if applicable) whether or not maintained by another party to the Lease) upon trust for us, to immediately notify us of receipt of such monies and to promptly pay such monies to us upon our request;

11.1.5. to apply any monies received from any insurance of the Property as we in our absolute discretion direct either in replacing or repairing the Property in respect of which the same are received or in payment and application towards the discharge of the Secured Amounts in such order and proportions as we, in our absolute discretion, considers appropriate;

11.1.6. promptly, to provide a copy of all insurance policies and latest renewal receipts to us whenever requested;

11.1.7. to inform us immediately about any damage to the Property which may give rise to a claim under any insurance policy; and

11.1.8. to comply with any additional requirements set out in the Mortgage Offer.

11.2. Where the Property is leasehold, to the extent that another party to the Lease has covenanted with you to insure the Property with reputable insurers against all or any of the risks mentioned in Condition 11.1.1 for the full reinstatement value of the Property and to apply the insurance monies in or towards making good the loss or damage in respect of which such monies are received and provided that a note of our interest as mortgagee has been endorsed on the policy, we will accept such policy as satisfying or (as the case may be) partially satisfying your obligations as to insurance contained in Condition 11.1.1.

- 11.3. We may take over arrangement of the insurance of the Property at any time if we reasonably consider that the amount or type of cover is inadequate or if the policy is cancelled or lapses.
- 11.4. We will, acting reasonably, be entitled to agree claims with the insurers whether or not the insurance has been arranged by us. You may not settle any claim without our consent (such consent not to be unreasonably withheld or delayed).
- 11.5. If we take over arrangement of the insurance under Condition 11.3:
- 11.5.1. we will decide on the amount of cover and risks to be insured;
- 11.5.2. the amount of cover may be adjusted automatically to reflect general movements in the insurance market;
- 11.5.3. you will not effect or maintain any other insurance for the Property without our consent; and
- 11.5.4. we will pay the premium (including any insurance premium tax) on your behalf, in which case you must pay the amount of the premium (including any insurance premium tax) to us when we ask for it. Any unpaid premium will form part of the Secured Amounts and will bear interest at the Interest Rate from the date on which you should have paid it until it is paid in full.
- 11.6. If, in accordance with Condition 11.5, we direct that monies received from any insurance of the Property are applied in replacing or repairing the Property in respect of which the same are received and where such monies are held by us, we may retain such monies whilst the replacement and repair works are being undertaken and may decide only to release such monies by stage payments as the replacement and repair works progress.
- 12.1.5. any proceedings or threat of proceedings brought by you and/or any third parties;
- 12.1.6. any proceedings or threat of proceedings against you in respect of any breaches of the Mortgage;
- 12.1.7. the exercise or attempted or purported exercise or consideration of the exercise by us of any of our powers or any other thing done by us with a view to or in connection with the recovery by us of the Secured Amounts from you or any other person;
- 12.1.8. the carrying out or consideration of any other act or matter which we may consider to be for the benefit preservation or improvement of the Property or any Security Interest;
- 12.1.9. the production of the title deeds or copies thereof;
- 12.1.10. any redemption of the Mortgage (including any Early Repayment Charge);
- 12.1.11. any application for our consent whether or not such consent is granted;
- 12.1.12. any breach by you of any of the provisions contained in these Conditions or the Mortgage Offer; or
- 12.1.13. any expenses paid by us to third parties in accordance with the terms of the Mortgage.
- 12.2. The amounts payable under Condition 12.1 shall carry interest at the Interest Rate from the dates on which they are paid, incurred or charged by us until the date of payment thereof by you and shall be included within the Secured Amounts.
- 12.3. You agree to pay to us our reasonable fees and costs incurred in connection with the Mortgage. Our fees and charges are set out in our tariff of charges. You also agree to pay us any fees or costs we reasonably incur (for example by appointing a third party) in connection with the Mortgage.
- 12.4. We may change our tariff of mortgage charges from time to time by:

12. Expenses

- 12.1. You agree that on demand you will pay all costs, charges and expenses incurred by us in connection with the Mortgage including but not limited to (in each case on the basis of full, complete and unqualified indemnity) all costs, charges and expenses (including legal fees, administration costs and overhead expenses) incurred by us in connection with:
- 12.1.1. the investigation of title to or the inspection or valuation of the Property in connection with the Mortgage;
- 12.1.2. any title rectification required by us;
- 12.1.3. the negotiation, preparation, completion and perfection (and disbursements) of the Finance Documents and any further advances (whether completed or not);
- 12.1.4. the registration of any Security Interest at the Land Registry and/or Companies House (if applicable);
- 12.4.1. adding new fees to reflect the cost to us of any new administrative task necessary to be carried out in connection with the Mortgage;
- 12.4.2. removing a fee which is redundant; or
- 12.4.3. changing the amount of any fee but only to reflect an increase or decrease in the costs of doing work related to that fee or a change in third party costs.
- We shall supply you with a copy of our current tariff of mortgage charges at any time on request.

13. Mortgage Exit Administration Fee

- 13.1. Without prejudice to the generality of Condition 12 above you also agree that you will on demand pay to us a Mortgage Exit Administration Fee when you repay the Secured Amounts in full and the Contract For The Mortgage ends.
- 13.2. The amount of the Mortgage Exit Administration Fee is shown in the Mortgage Offer and in our tariff of mortgage charges from time to time.
- 13.3. We reserve the right to increase the amount of the Mortgage Exit Administration Fee from time to time. Any such increase in the Mortgage Exit Administration Fee will be reasonable.

14. Protection of Third Parties

A purchaser or other person dealing with us shall not be concerned to enquire whether any of the powers exercised or purported to be exercised pursuant to these conditions has arisen or become exercisable, or as to the propriety or validity of the exercise or purported exercise of any such power and the title of a purchaser shall not be impeachable by reference to any of those matters.

15. Protection of Lender

- 15.1. We shall not be liable in respect of any loss or damage (howsoever caused) which arises out of the exercise or the attempted or purported exercise of or the failure to exercise any of our powers save where we are unable to limit or exclude our liability by law.
- 15.2. We shall be under no obligation to take any steps whatsoever to recover the Secured Amounts and we shall in no circumstances be liable to you or any other person for any costs or liabilities arising from any realisation of the Property or from any act, default or omission by us or a Receiver.
- 15.3. Without prejudice to the generality of the above sub-conditions, entry into possession of the Property shall not render us liable to account as mortgagee in possession and if and so often as we enter into possession of the Property we shall be entitled at any time at our pleasure to go out of such possession or remove any Receiver.

16. Indemnity

- 16.1. You agree as a separate and independent agreement with us upon demand to indemnify us (on a full, complete and unqualified basis) against all costs, claims, proceedings and liabilities which we may incur as a result of any default by you in the performance of any of your obligations under the Mortgage or any of the Finance Documents, whether before or after the power of sale has become exercisable in connection with the Mortgage or in consequence of anything done or purported to be done under these Conditions or of anything omitted to be done

hereunder by you and any payment or discharge in respect of the Secured Amounts (whether made by you or a third person) being impeached or declared void for any reason whatsoever.

- 16.2. The amounts payable under Condition 16.1 shall carry interest at the Interest Rate from the respective dates on which they were paid or incurred by us until payment thereof in full by you.

17. Further Assurances and Power of Attorney

- 17.1. You agree to execute any document or do any act or thing which we may require for perfecting or improving any security created or intended to be created by the Finance Documents or which we may require for facilitating the exercise or the proposed exercise of any of our powers or the protection, management or realisation of the Property.
- 17.2. You irrevocably (but subject to redemption) and by way of security appoint any person nominated by us in writing to be your attorney in your name and on your behalf and at your expense do any act or thing which may be required or desirable in the exercise of any of our rights or powers hereunder or otherwise for any of the purposes of the Finance Documents.
- 17.3. You agree to ratify and confirm whatever any attorney appointed by us properly does or purports to do in the exercise of all or any of the powers hereunder.
- 17.4. So far as you are able (but subject to redemption) you assign all Related Rights to us and declare that you will hold all Related Rights on trust for us.
- 17.5. We will not be liable for anything which is done under the power of attorney unless we fail to take reasonable care.
- 17.6. The power of attorney set out in this Condition 17 remains in effect until all of the Secured Amounts have been fully repaid and the Security Interests granted in our favour are released.

18. Security

- 18.1. The security constituted by the Security Documents is in addition to and shall not be merged with or in any way prejudice any other Security Interest or right which we may now or at any time hereafter hold or have (or would apart from the Security Documents hold or have) as regards you or any other person in respect of the Secured Amounts.
- 18.2. The powers conferred on us under the Finance Documents are cumulative without prejudice to our powers under general law and may be exercised as often as we think appropriate.

19. Notices and Communications

19.1. Any notice or communication to you shall be deemed to have been properly served if:

19.1.1. sent by prepaid post to the latest address you provided to us or, if you are a Company, your registered office; or

19.1.2. sent by e-mail to the latest e-mail address you provided to us; or

19.1.3. sent by any other method available by law, and where there is more than one of you it shall be sufficient if the notice is served on or addressed to any one of you in accordance with the above unless we are required by law or regulation to send the notice to both of you.

19.2. A notice or communication under this Mortgage to you which is:

19.2.1. sent by prepaid post will only be effective when it has been left at the relevant address or two Business Days after being deposited in the post; and

19.2.2. sent by e-mail, will be effective at the time it is sent.

Any communication or document which becomes effective, in accordance with the provisions above, after 5:00 pm in the place of receipt shall be deemed only to become effective on the following Business Day. In all other circumstances, any notice will come into effect on the date on which it is given.

19.3. If you are a Company, any notice served on you may be given by us to any of your members (if you are a limited liability partnership) or (if you are a limited company) directors or company secretary.

19.4. We will not use the address of the Property for the purpose of any notices.

19.5. We will communicate with you in English.

19.6. If you need to send us a notice, you must send it to us at Ellice Way, Wrexham Technology Park, Wrexham, LL13 7YT or to any other address which we may give you for these purposes from time to time.

20. Assignment

20.1. We may without your or the Guarantor's consent assign (whether by way of security, mortgage, charge, creation of trust over, agreement to sell or other disposal) or transfer all our rights and benefits embodied in the Mortgage and the Finance Documents together with any securities or other property charged to or held by us to any person or persons whatsoever at any time.

20.2. You agree that to the extent that we agree to assign or transfer our rights and benefits to any person that you shall be bound to any such assignee or transferee in like manner and to the extent as you are

bound to us under the Mortgage and to the extent that we agree with any person to assign or transfer our obligations to that person we shall be released from further obligations to you and the Guarantor under the Mortgage and such assignee or transferee shall assume obligations towards you and to the Guarantor which differ from such released obligations only so far as such assumed obligations are owed by and constituted by claims against such assignee or transferee and not us.

20.3. Any such assignee or transferee and persons deriving title under him shall have all the powers conferred on a mortgagee by the Act as modified or extended by the Mortgage in the like manner as if the assignee or transferee had been named as the original party to the Mortgage in our place.

20.4. You consent to us passing any information or documents relating to you, the Property, the Mortgage, any Security Document or the history of the conduct of the mortgage account to any actual or potential assignee transferee or other interested or contracting party and/or any professional advisers of such persons.

20.5. We may at any time transfer or deposit or grant a sub-mortgage of the Mortgage to any person as security for money borrowed.

21. Porting and Variations to the Contract for the Mortgage

You may not substitute the Property with another as security for the Secured Amounts.

22. Set-Off

22.1. You (and the Guarantor, if any) shall make each payment due without set-off or counterclaim, except as required by law.

22.2. If you are (and the Guarantor, if any, is) required by law to make a deduction as is referred to in Condition 22.1 the amount of the payment due shall be increased to an amount which (after making any deduction required by law) leaves an amount equal to the payment which would be due if no deduction has been required.

22.3. We may without notice to you, apply any credit balance which is at any time held by us on your behalf in or towards satisfaction of the Secured Amounts, and for such purpose we may convert or exchange any currency.

23. Redemption

If you pay to us all monies secured by the Finance Documents and any further Secured Amounts then subject to Condition 5 above, the Security Interests created by the Security Documents shall be released pursuant to statute or otherwise as you at your expense shall direct.

24. Mistakes, Miscalculations and Miscellaneous

- 24.1. Our rights and remedies contained in the Finance Documents are in addition to and not instead of any other rights or remedies provided by law.
- 24.2. Our security shall not be prejudicially affected by any error or omission contained in any statement or information made or supplied by us to you.
- 24.3. The execution and delivery by us of a statutory receipt or instrument of discharge in respect of the Mortgage shall not discharge you from liability if it is subsequently found that on redemption the amount of the Secured Amounts was under-calculated or understated by mistake. This does not affect any legal rights which you have as a result of the Secured Amounts being understated.
- 24.4. As set out in the Lender's Privacy Policy, you understand that we will maintain in any form (including a form in which it can be processed) details relating to you and your transactions with us for the duration as detailed in the Lender's Privacy Policy, a copy of which you confirm has been provided to, read and understood by you.
- 24.5. The Finance Documents shall be deemed to be in addition to and not in substitution for any remedy, lien, Security Interest or securities now held or which may hereafter be held by us for the Secured Amounts or any of them. Nothing herein contained is to be deemed or taken, irrespective of any rule of law or equity to the contrary, to:
- 24.5.1. effect a merger of any such remedy, lien, Security Interest or securities; or
- 24.5.2. prejudice or affect our right at any time hereafter to sue or otherwise proceed:
- a) against you for payment of all monies due or owing or for the time being remaining unpaid by you to us; or
- b) against any other person or persons who are or may be liable as guarantor for or jointly liable with you.
- 24.6. These Conditions shall remain in full force and effect and binding on you notwithstanding any conversion, amalgamation or merger that may be affected by us and notwithstanding any reconstruction of us or the sale or transfer of any of our undertakings and assets.
- 24.7. If on any occasion we decide not to hold you or a Guarantor to your obligations or make full use of our rights, this will not affect our rights or powers in any other way. No failure or delay by us in exercising any right or remedy provided under the Finance Documents or by law shall adversely affect or restrict any of our rights or remedies, nor preclude or restrict its further exercise. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that (or any other) right or remedy.
- 24.8. If you breach any of these Conditions and we agree to take no action, we will still be able to take action if you break that Condition in the future or you breach any other Condition.
- 24.9. We may add all amounts payable by you to us under these Conditions to your mortgage account and all such amounts shall form part of the Secured Amounts and shall carry interest at the Interest Rate from the respective dates on which they were paid or incurred by us until payment thereof in full.
- 24.10. A person who is not a party to the Finance Documents has no right under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of the Finance Documents. This means that it will not be possible for a person who is not a party to the Finance Documents to take the benefit of them or enforce any of their terms. This does not affect any right or remedy of a third party which exists or is available apart from that Act.
- 24.11. We may change the terms and conditions that apply to the Mortgage for any one or more of the following reasons:
- 24.11.1. to respond proportionately to changes in general law, decisions or guidance of any court or regulator or decisions of the Financial Ombudsman Service (or the way each of the foregoing are interpreted),
- 24.11.2. to meet regulatory requirements;
- 24.11.3. to reflect any new industry guidance and codes of practice with which we intend to comply;
- 24.11.4. to comply with court orders;
- 24.11.5. to proportionately reflect legitimate cost increases or reductions directly associated with providing the Mortgage;
- 24.11.6. to reflect changes to our systems or technology which result in changes to the way that we (or a third party on our behalf) administer your Mortgage;
- 24.11.7. to introduce new products and services to you; or
- 24.11.8. to correct errors.
- We may also change the terms and conditions that apply to the Mortgage where we believe that a change would be in your interests or not cause you any detriment or by agreement with you.
- We will provide you with reasonable advance notice about any changes to which Condition 24.11 refers. Where we have a right to take such action, we will always act reasonably when we do so.

25. Illegality

If at any time any provision of any Finance Document is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions shall not in any way be affected or impaired.

26. Jurisdiction/Applicable Law

- 26.1. The courts of England have exclusive jurisdiction to settle any dispute, including, without limitation disputes relating to any non-contractual obligations arising out of or in connection with these Conditions (a "**Dispute**"). You agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly you will not argue to the contrary. You agree that we shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, we may take concurrent proceedings in any number of jurisdictions.
- 26.2. These Conditions and any non-contractual obligations arising out of or in connection with them shall in all respects be subject to and interpreted in accordance with the laws of England.