

## DUDLEY BUILDING SOCIETY

### Mortgage Conditions 2020

Below is a summary of some of the key terms in these Conditions. It is important that you read and consider all of the terms and conditions in this booklet along with your mortgage offer and any other documents we have provided to you.

| <b>Conditions</b>          | <b>Summary</b>   |
|----------------------------|--|
| <b>Monthly payments</b>    | <p>It is important that you pay to us the amount of the monthly payments set out in your mortgage offer on time at such times as agreed between us.</p> <p>If your mortgage is a 'repayment mortgage', your monthly payments will include repayments of capital and interest.</p> <p>If your mortgage is an 'interest only' mortgage, your monthly payments will only consist of the amount of the interest that has accrued and you will still have to repay all the capital at the end of the mortgage term. It is very important that you make arrangements to repay the amount of the capital at the end of the mortgage term and regularly check to ensure that you will be in a position to repay the capital by the end of the term.</p>  |
| <b>Set-off</b>             | <p>If you do not make a payment on time, we can use money that you have in any other account with us to pay it. We will give you notice before we do this.</p>   |
| <b>Interest</b>            | <p>We will charge you interest on the amount that you have borrowed at the interest rate set out in your mortgage offer.</p> <p>Unless your mortgage offer states that your interest rate is fixed, we can vary the interest rate applicable to your mortgage for a number of reasons set out in condition 8 of these Conditions. Please ensure that you have read those reasons because the amount you pay for your mortgage will increase (including your regular monthly payments) if we increase the interest rate.</p> <p>We will give you 30 days notice if we intend to increase the interest rate, unless stated otherwise in your Offer. If you would prefer to repay your mortgage at that point you can, but you may have to pay an early repayment charge and other charges as set out in your mortgage offer. We do not have to give you notice if we decrease the interest rate.</p> |
| <b>Early repayment</b>     | <p>You can repay your mortgage in full at any time. You may have to pay an early repayment charge and other charges if you repay your loan before the end of the term. The details of these charges are set out in your mortgage offer.</p>  |
| <b>Overpayment</b>         | <p>You can make overpayments to your mortgage at any time. You may have to pay an overpayment charge on the amount you overpay. The details of these charges are set out in your mortgage offer.</p>   |
| <b>Immediate repayment</b> | <p>In certain circumstances we can ask you to immediately repay to us all the money outstanding under the mortgage. We will only do this where you are in material breach of the terms of your mortgage, such as if you miss two monthly payments. The full set of circumstances in which we may do this is</p>  |

|                             |   |
|-----------------------------|---|
|                             | <p>set out in condition 6.1 of these Conditions.</p> <p>Please make sure that you have read these reasons. If we ask you to repay all of the money outstanding under your mortgage under one of these conditions and you do not repay it then we could take further action against you including, if necessary, repossessing your property.</p>   |
| <b>Charges</b>              | <p>We may make charges for items relating to your mortgage, services you ask us to provide or costs which may be incurred because you fail to comply with an obligation you have under these Conditions.</p> <p>Our current list of charges (our tariff) is provided to you with these conditions and is available at any of our branches, on our website at <a href="http://www.dudleybuildingsociety.co.uk/">http://www.dudleybuildingsociety.co.uk/</a> or can be obtained by telephoning 01384 231 414.</p> <p>We can change these charges and the reasons why we may do this are set out in condition 10 of these Conditions.</p>  |
| <b>Property obligations</b> | <p>Your mortgage will be secured over the property set out in your mortgage offer.</p> <p>It is important that the property is kept in a good state of repair. Condition 14 of these Conditions sets out some obligations on you in relation to maintaining the property, such as completing building work. You must also obtain our permission before you carry out certain actions in relation to the property, such as altering or extending it.</p> <p>The property must be insured against the usual risks to a property (fire and flood for example) and for an amount that is sufficient to fully re-instate the property in the event that it is destroyed. If we insure it on your behalf you will be responsible for paying the premium and we may add this to the amount of your loan.</p> |
| <b>Action we may take</b>   | <p>We, or a receiver, can take certain action in relation to the property if you breach these Conditions, for example if you fail to make your monthly payments. These actions are set out in condition 16 of these Conditions. They include repossessing your property and selling it.</p> <p>If a receiver is appointed by us, he will be acting on your behalf and you will be responsible for paying for his services.</p>  |

These are the Conditions on which we make your Loan. Please read them carefully. If there is anything that you do not understand, you should ask your legal advisor to explain.

## 1 Definitions and Interpretation

1.1 Certain words and phrases used in these Conditions have a particular legal meaning. These words and phrases begin with a capital letter so that you are able to find them.

**"Conditions"** means these conditions and the terms and conditions in any Offer and elsewhere in the mortgage documentation.

**"Guarantor"** means the person named in the mortgage as the Guarantor and includes his personal representatives and the persons deriving title under him.

**"Interest Rate"** means the rate or rates of interest shown in the Offer, or, if we change it in accordance with these Conditions, the new rate of interest.

**"Loan"** means all monies which we have lent to you or may lend to you, as set out in an Offer, secured against the Property (this may include, for example, any additional borrowing) and any other money you owe us at any time such as interest and unpaid fees and charges.

**"Monthly Payments"** means the amount you will have to pay us each month as set out in the Offer. The amount of the Monthly Payment may be changed for certain reasons which are set out in condition 3.6.

**"Property"** means the property which is security for the Loan and where appropriate includes all or any part of the Property.

**"Offer"** means any written offer of a Loan sent to you which results in a Loan being made to you.

**"Payment Date"** means the date each month you have selected as the date on which you will pay us the Monthly Payments. We can both vary this date from time to time by giving at least 30 days prior notice.

**"Rules"** means the rules of the Society for the time being in force.

**"our, us, we and the Society"** refers to Dudley Building Society and includes our successors in title to the mortgage and anyone to which we transfer or assign the Loan and/or mortgage to

**You and your** refer to a person who is a borrower.

1.2 If there is more than one borrower:

1.2.1 these Conditions apply to all of you together and to each of you on your own;

1.2.2 each of you can be held fully responsible for keeping to these Conditions.

1.3 Where any of the Conditions require that you obtain our consent, then such consent:

1.3.1 will not be unreasonably withheld or delayed by us;

- 1.3.2 will only be valid if given by us in writing;
- 1.3.3 must be obtained by you in advance; and
- 1.3.4 may be subject to such conditions as we reasonably think fit.

1.4 You agree that it is not unreasonable for us to refuse to consent to something or impose conditions on giving such consent if it adversely affects or might otherwise affect our security or the value of the Property.

1.5 Where there is any conflict between the conditions in this document, the conditions in the Offer, the conditions elsewhere in your Mortgage documentation and the Rules then the following order of priority applies:-

- (a) the Offer;
- (b) the mortgage documentation;
- (c) these Conditions; and
- (d) the Rules.

## **2 Membership of the Society and the Rules**

2.1 When you have your mortgage with us you become a member of the Society and while you are a member you must abide by the Rules.

2.2 If you are a member only because you have a mortgage with us we can end your membership if we transfer your mortgage to anyone else in accordance with condition 19.

## **3 Payments**

3.1 You must repay the Loan to us by the end of the term set out in your Offer. You agree that you will punctually pay to us:

- 3.1.1 Monthly Payments on the Payment Date;
- 3.1.2 all fees and costs, that may become payable by you at any time before the Loan is repaid;
- 3.1.3 interest on fees and costs at the Interest Rate from the date the fees and costs are incurred until they are paid. This interest is to be paid on demand by us; and
- 3.1.4 interest on the Loan.

3.2 If you have a repayment mortgage you will have to make Monthly Payments that are made up of interest and the capital loaned to you. Your Monthly Payments will (subject to Condition 3.7) be calculated so that the Loan plus interest is repaid by the end of the term.

3.3 All payments shall be made to us at our head office which is currently at 7 Harbour Buildings, The Waterfront, Brierley Hill, DY5 1LN, or at such other address as we may notify to you. Payments will be made in sterling (or any other currency of the United Kingdom which may replace sterling) by direct debit or by such other method as we may reasonably specify.

- 3.4 If we receive any payment from you which is insufficient to pay in full what you owe to us we will apply the amount in the following order:
- 3.4.1 towards any arrears;
  - 3.4.2 towards any interest and charges; and then
  - 3.4.3 towards the rest of the Loan owing.
- 3.5 We may agree to suspend payment of capital and interest in accordance with the terms of the Loan.
- 3.6 In certain circumstances we may change the Monthly Payment by written notice. We may do this (subject to Condition 3.7) if:
- 3.6.1 there are changes in the Interest Rate;
  - 3.6.2 there is a change to the term;
  - 3.6.3 there are changes in the amount of insurance premiums that we pay on your behalf;
  - 3.6.4 there is any additional amount which you are required to pay to comply with a change in law or regulatory requirement;
  - 3.6.5 there is an increased or additional amount which we require to be paid in respect of a further advance, fees, interest, costs, arrears or any other sum owed to us; or
  - 3.6.6 we need to ensure that the Loan is repaid on or immediately before the expiry of the term.
- 3.7 We will act reasonably in exercising our right to vary the Monthly Payments in the circumstances referred to in Condition 3.6. We will not change the Monthly Payment to reflect any arrears of Monthly Payments without your agreement (but for the avoidance of doubt we may do so without your agreement to reflect any charges you incur as a result of being in arrears and any extra interest on the arrears or the charges, as well as for the other reasons set out in Condition 3.6 ,) . We will tell you in advance if your payment amount is changing, what the revised amount is and when the first amended Monthly Payment is due.
- 3.8 Please note that you will always be liable to repay the outstanding balance on the Loan at the end of the term (or sooner if it becomes repayable under these Conditions).
- 3.9 If we, or a receiver, sell the Property following enforcement action against you, you must still pay to us the shortfall between the sale proceeds and the amount that you owed to us. If the shortfall is not paid immediately we will apply interest at the Interest Rate until it is paid.

#### **4 Interest Only Mortgages**

- 4.1 If you have an interest only mortgage, your Monthly Payments will only be made up of interest. You must repay the Loan by way of a lump sum payment at the end of the term to repay all of the capital borrowed. It is your responsibility to ensure you will be able to repay the capital at the end of the term of an interest only mortgage. You should check this annually. If the Loan is not repaid at the end of the term, interest will be charged at the Interest Rate on the amount outstanding until it is paid off in full.

- 4.2 We may contact you to request evidence of how you intend to repay the Loan at the end of the term. We may ask you to provide evidence that any repayment strategy is performing satisfactorily in order to repay the Loan at the end of the term.
- 4.3 We do not give any guarantees as to the likely performance of any repayment strategies you have or put in place. It is your responsibility to check that any repayment strategy is adequate to repay the Loan and that there is sufficient life cover in place to repay the Loan in the event of your death. If the repayment strategy involves sale of the Property or downsizing this will be relied upon at the end of the term and see also Condition 4.6.
- 4.4 If we are not reasonably satisfied with the evidence received from you or we do not receive a response to our request to provide evidence and we reasonably consider that the Loan may not be repaid in full at the end of the term, then we may, subject to reasonably considering your ability to repay, transfer you to a repayment mortgage for such period as we reasonably consider necessary to ensure the Loan is repaid before the end of the term.
- 4.5 Where we transfer you to a repayment mortgage, we will give you at least 6 months written notice prior to making any change and we will tell you what your increased Monthly Payment will be.
- 4.6 If there is any shortfall under your repayment strategy compared to what is required to repay the Loan you will be liable for this and (without limiting our other rights) we may enforce our security over the Property to recover this.

## **5 Set-Off**

- 5.1 If you do not make a payment on time, we may use money in any account you have with us (including but not limited to any credit balance for the time being on any other mortgage account you may have with us) to make this payment. This right is sometimes referred to as "the right of set-off". We can use this right where you have accounts in your sole name and where you have a joint account.
- 5.2 We will tell you (and any joint account holder) at least 14 days before we use our right of set-off for the first time and (where appropriate) if we use it again. We will also tell you after we have used our right of set-off, including the date we used it and the amount we took from your account.

## **6 When we can ask for Repayment of Everything you owe us**

- 6.1 In certain circumstances you will have to pay to us everything you owe all at once. We will only ask you to do this if:
- 6.1.1 you have failed to make payment of an amount of two or more of your Monthly Payments on any Loan;
  - 6.1.2 you materially or persistently do not comply with any of your obligations (other than payment of the Monthly Payments) to us under the Conditions;
  - 6.1.3 you are made bankrupt;
  - 6.1.4 you enter into a voluntary arrangement (or propose to do so), or enter into an arrangement with your creditors, or an application is made for a provisional insolvency order against you, or a bankruptcy petition is made against you, or we think that one is going to be made, or the Property is taken into trust for the benefit of your creditors;

6.1.5 the Property is compulsorily acquired (for example, a local authority forces you to sell your property to them); or

6.1.6 you die or, in the case of joint borrowers, the last surviving one of you dies.

6.2 If you do not repay the Loan when requested and we obtain a court judgment against you for that amount or part of it, you will pay interest on the amount of that judgment at the Interest Rate or a rate set by the court.

6.3 Where you have to pay to us the Loan all at once under condition 6.1 we may require you to repay any money owed to us on any other account with us, including an account in respect of any other mortgage or charge, unless the money is owed under an agreement regulated by the Consumer Credit Act 1974 which does not refer to the mortgage as security.

## **7 Interest**

7.1 Interest will be charged at the Interest Rate and will be calculated on the full amount of the Loan or on so much of the Loan as has actually been advanced to you.

7.2 We will charge and you will pay interest,

7.2.1 on the amount of the Loan on the last day of the immediately preceding calendar month; and

7.2.2 on any sum which is advanced to or becomes owing from you during the calendar month as from the date on which it is advanced or becomes owing (and see Condition 9.8 for more details of when we start charging interest on charges).

7.3 We will enter interest for the calendar month in your account on the first day or any subsequent day in the immediately following calendar month.

7.4 Interest shall accrue from day to day but shall (subject to us agreeing to suspend the repayment of capital and interest) be payable in advance by calendar monthly instalments during the year. Interest which is due and unpaid will itself be part of the Loan and have interest charged on it.

7.5 Capital and interest payments made by you in any calendar month may be credited against interest and any balance carried over to reduce the Loan at the end of the calendar month.

7.6 Payments made by you will reduce the balance on which interest is charged from the day the payment is made to your account.

## **8 Changing the Interest Rate**

8.1 Unless your Interest Rate is stated in your Offer to be fixed, we have the power to vary the Interest Rate for certain reasons.

8.2 We may at any time reduce the Interest Rate without notice to you, although if that results in a different monthly payment we will tell you about the change to the payment amount before it is due.

8.3 Subject to any specific terms in your Offer we can increase the Interest Rate at any time if it is reasonable to do so and where we reasonably believe that the increase is needed for any one or more of the following reasons:

- 8.3.1 to respond to changes in the Bank of England Base Rate;
- 8.3.2 to respond to interest rates generally charged by our competitors in the mortgage market;
- 8.3.3 to respond to any increase or reduction in costs reasonably incurred by us in providing your Loan and the services and facilities available on it (including changes in technology we use);
- 8.3.4 where, in our reasonable opinion, the change is required because of the need to maintain financial strength in the interests of the membership as a whole;
- 8.3.5 to respond to changes in the law, or the interpretation of the law or the decision of a court or ombudsman;
- 8.3.6 to meet changes to regulatory requirements;
- 8.3.7 to respond to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection.

Any change we make to interest rates will be proportionate to the circumstances giving rise to the change.

- 8.4 We will give you 30 days personal notice of any increase in the Interest Rate unless stated otherwise in your Offer. Any change to the Interest Rate will not take effect until after the date specified in your notice.
- 8.5 If you do not agree to the increase in the Interest Rate you can choose to repay the Loan in full. If you repay the Loan you may have to pay an early repayment charge and any other charge set out in your Offer.

## **9 Charges**

- 9.1 There are a number of specific charges which are set out in your tariff. The tariff is subject to change from time to time and the current version is provided to you with these conditions and is available at any of our branches, on our website at <http://www.dudleybuildingsociety.co.uk/> or can be obtained by telephoning 01384 231 414.
- 9.2 We may charge a fee for any document or service we provide in connection with the Loan or mortgage, including but not limited to, those set out in our tariff.
- 9.3 There are also a number of general costs which may arise throughout the life of the Loan. These are usually incurred because you ask us to do something or you do not keep to your obligations under these Conditions.
- 9.4 Examples of charges include (but are not limited to):
  - 9.4.1 **Operation costs:** Charges may be incurred when we:
    - 9.4.1.1 supply or copy deeds or documents to you or anyone acting for you;
    - 9.4.1.2 discharge our security or release the Property or any related rights from our security;
    - 9.4.1.3 release any title deeds;



9.4.1.4 process any request by you or anyone acting for you for any change in the terms of the Loan or the mortgage;

9.4.1.5 give you or anyone authorised by you any assistance or information in connection with the Property, the Loan or the mortgage.

9.5 **Legal costs:** You will be responsible for paying the legal costs of any conveyancer who undertakes our legal work in relation to the mortgage.

9.6 **Costs to safeguard our security:** You must pay us all reasonable costs which we incur to safeguard our security or because you fail to fulfil an obligation you have under the Loan or the Mortgage. Where we are able (based on our mortgage lending activities as a whole) to make a genuine pre-estimate of the expenses we are likely to incur, the amount of the charge will be set out from time to time in our tariff and will be limited to this amount. Where we are unable to make a genuine pre-estimate we will charge a reasonable amount together with any external costs which we may incur. Examples of activities that we may incur costs for are (but are not limited to):

9.6.1.1 any legal proceedings and costs relating to the mortgage (this applies whether or not you are a party to the proceedings);

9.6.1.2 exercising any of the rights or powers given to us by law or these Conditions;

9.6.1.3 recovering any of the outstanding balance;

9.6.1.4 insuring the Property or checking that any insurance of the Property which you have arranged is adequate for our purposes.

9.7 **Arrears charges:** If you fall into arrears, then we will charge you arrears administration fees. The time from when we start charging these fees and the amount of these fees will be set out in our tariff. Arrears administration fees are calculated to cover our administrative costs in dealing with those arrears. Where arrears administration fees are charged, they will be added to your Loan balance each month. Legal costs may also be charged and will be added to your Loan balance if we have to take further action.

9.8 If you do not pay a charge within 7 days of the date we tell you about it we may add it to your balance if it is reasonable to do so. If we do this:

9.8.1 we will charge interest at the Interest Rate on the charge until it is repaid or, where there is more than one such rate, at the highest rate;

9.8.2 if the addition of the charge results in your monthly payment being changed we will give you notice of the new amount; and

9.8.3 we will ensure that any new Monthly Payment amount results in the interest charged each month being covered by the corresponding Monthly Payment for that month and (subject to Condition 3.7 above) any capital that is not being repaid on an interest only basis being repaid with interest by the end of the term.

## **10 Changing our charges**

10.1 We may change our charges at any time if it is reasonable to do so. If the change is not to your advantage (for example, if we increase a charge or introduce a new one), we will only make the change for one of the following reasons:

10.1.1 to respond to changes in the expenses which we reasonably incur in carrying out the relevant activities;

10.1.2 to respond to changes in the law, or the interpretation of the law, decisions or recommendations of a regulator or similar person, or any code of practice with which we intend to comply;

10.1.3 to reflect changes in the costs to us of providing your Loan and the services and facilities available on it (including changes in technology we use);

Any change we make to our charges will be proportionate to the circumstances giving rise to the change.

## **11 Telling you about changes**

11.1 If we make a change to the charges:

11.1.1 we will write to give you notice if the change is to your disadvantage;

11.1.2 the new charge will be set out in the tariff, a copy of which will be provided to you at least once a year when changes are made. Our tariff is also available at any of our branches, on our website at <http://www.dudleybuildingsociety.co.uk/> or can be obtained by telephoning 01384 231 414; and

11.1.3 we will tell you when you ask us to do something which incurs a charge before the charge is incurred.

## **12 Security**

12.1 You have given us security over the Property to protect us in case you do not keep to your obligations under these Conditions. If we enforce the security, we need to take certain steps (which are described in condition 16) to make it effective.

12.2 The security over your Property may be for more than the amount that you owe us under the Loan. It will also be for any other money that you owe to us under any other agreement, or will owe to us in the future, other than other than any agreements that are stated to be regulated by the Consumer Credit Act 1974. We may refuse to release the security over your Property until all money you owe us (whether due or not) under any agreement has been paid. We will act reasonably in exercising our powers under this Condition. This Condition will not apply where the other agreement is a regulated agreement under the Consumer Credit Act 1974 unless the security is specifically stated to be security for the Consumer Credit Act 1974 loan.

12.3 Our security includes any of the following interests which you acquire:

12.3.1 a new or extended lease of the Property;

12.3.2 an interest in the commonhold or freehold of the Property or in the freehold of any building which includes the Property;

12.3.3 an interest over or through neighbouring, adjoining or any other land or buildings which benefit the Property.

12.4 If you acquire an interest under Condition 12.3, you must, no later than one month after doing so:

12.4.1 let us know of the interests you have acquired and provide copies of all documents relating to those interests; and

12.4.2 if asked, give us a legal charge over the interest in a form approved by us.

### **13 Insuring the Property**

13.1 Your Property must be covered by buildings insurance for as long as it is security for money that you owe us.

13.2 Where you insure the Property:

13.2.1 you must maintain a comprehensive policy against all usual house insurance risks. The risks include but are not limited to fire, explosion, earthquake, storm, flood, escape of water or oil, subsidence, heave, landslip and malicious damage. The policy must be for the cost of full reinstatement of the Property, including clearing the site and paying all fees and expenses. The amount of the policy must be enough to put the Property back to its original state following any amount of damage or destruction;

13.2.2 you will tell the insurer of our interest in the Property as mortgagee;

13.2.3 if we ask, you will give us proof of payment of the premiums; and

13.2.4 If you do not give us proof of payment of the premiums when we ask for it we may add the cost of the premiums to the Loan and interest will be charged on this amount.

13.3 If you fail to insure the Property we retain the right to insure it on your behalf but are not obliged to do so. If we do so:

13.3.1 we will choose the insurers and maintain a comprehensive policy against all usual house insurance risks and for the cost of full reinstatement of the Property.

13.3.2 we will do so at your expense and we may add the cost of the premiums to the Loan and interest will be charged on this amount.

13.4 If the Property is leasehold or commonhold and the terms of the lease or the commonhold community statement provide for the Property to be insured along with other properties, then the Property will not need to be insured, provided that:

13.4.1 you tell the insurer of our interest in the Property as mortgagee;

13.4.2 we or our legal advisers have approved the policy and confirmed that the insurance is in force; and

13.4.3 you ensure that the Property remains insured against all risks detailed in condition 13.1 above and for the cost of full reinstatement of the Property.

- 13.5 We may keep any commission or benefit of any insurance taken out by us or through our agency.
- 13.6 You will not do anything or allow anything to be done or not done which may make the insurance invalid or which makes the insurance more difficult or expensive to obtain or maintain or affects the ability to make a claim under the insurance money.
- 13.7 We may, on your behalf, settle and adjust any claims against the insurers of the Property. In the event of a payout following a claim on the policy (whether arranged by you or us), we may receive any money paid out under the claim or, if you receive it, you must hold it in trust on our behalf and keep it separate from your other funds.
- 13.8 We can choose whether to use any money paid under the insurance policy either to rebuild or repair the Property or reduce or pay off the Loan (as long as we act reasonably).

#### **14 Your obligations**

- 14.1 As we have an interest in the Property, it is important that you maintain the value of it. There are certain actions that you must take, or must not take, unless we agree to it.
- 14.2 You must:
- 14.2.1 punctually pay to us all charges, costs and fees incurred by us in respect of the Property;
  - 14.2.2 pay your insurance premiums within 14 days of them becoming due and give us copies of all receipts when we ask for them;
  - 14.2.3 ensure that any unfinished building or works on the Property are completed without delay and are built to the required standard;
  - 14.2.4 pay all existing and future rents, taxes, outgoing and rent charges affecting the Property and provide receipts to us in accordance with the Rules for every payment made and reimburse us if we are required to pay any charges that you ought to have paid;
  - 14.2.5 send to us a copy of any notice or other document affecting the Property within 14 days of receiving it from:
    - 14.2.5.1 the landlord (if the Property is leasehold);
    - 14.2.5.2 a rent charge owner (if the Property is subject to a rent charge);
    - 14.2.5.3 anyone claiming a legal right over the Property;
    - 14.2.5.4 any government department, local or other authority;
    - 14.2.5.5 a commonhold association (if the Property is commonhold).
  - 14.2.6 allow us, our employees, or agents to enter the Property at reasonable times after giving you reasonable notice so that we may:
    - 14.2.6.1 carry out a valuation of the Property;

- 14.2.6.2 inspect the state of repair and condition of the Property;
  - 14.2.6.3 carry out or complete any work which is needed to put right any failure by you to comply with these Conditions;
  - 14.2.7 tell us before you apply to a local authority or other similar body for any loan or grant for the repair or improvement of the Property. This is because the loan or grant may be subject to conditions requiring the whole or part of the grant to be repaid, for example, if you do not live in the Property for a certain period. You cannot accept any such loan or grant unless we agree in writing;
  - 14.2.8 not knowingly take any action regarding the Property that is against any applicable law or regulation; and
  - 14.2.9 give us any information about the Property which we may reasonably ask for.
- 14.3 You must not do any of the following without first getting our written consent:
- 14.3.1 remove any fixtures and fittings from the Property;
  - 14.3.2 apply for any improvement or similar grant in respect of the Property;
  - 14.3.3 make or allow any structural or material alteration to be made to the Property or allow any change in the use of the Property;
  - 14.3.4 transfer, assign, mortgage, obtain an extended lease of, or otherwise deal with or give away the Property; or
  - 14.3.5 accept the surrender of any lease or tenancy of the Property other than any tenancy we have agreed to under these Conditions.
- 14.4 If you fail to comply with any of your obligations in this condition 14 then we can step in and perform that obligation (where possible) on your behalf and you will be responsible for paying any costs associated with doing so.

## **15 Use and Occupation of the Property**

- 15.1 You must use the Property for residential purposes as a single private dwelling and must not change the use of the Property, or allow the Property to be used for a trade or business, without first getting our consent in writing.
- 15.2 You must occupy the Property yourself and must not, unless we have agreed in writing, grant or agree or renew any lease or tenancy of the Property or give to any person any contractual or other licence to right to occupy or live in the Property.
- 15.3 We will not refuse to allow you to let the Property where you and the Property satisfy the conditions we reasonably require for letting of properties at that time.

## **16 Action we may take**

- 16.1 We have certain rights to take possession of the Property and deal with it in other ways if you have become obliged to pay the full outstanding balance under these Conditions or have not kept to these Conditions. We may appoint a receiver to take this action for us. A receiver is someone we can appoint to manage the Property for us. Although we would appoint the receiver, he would act for you (not us) and you would have to pay his fees.

- 16.2 We, or any receiver, may do the following to protect our position as your lender and to protect the Property as security for the Loan:
- 16.2.1 generally manage the Property including collecting and receiving all rents, arranging any necessary repairs and maintenance, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances and serving notices under any relevant housing legislation;
  - 16.2.2 take possession of the Property and take any action or proceedings necessary to do so;
  - 16.2.3 sell the Property (whether or not we have taken possession) for a price and on such terms as we may think fit (always ensuring that we obtain the best price possible in the circumstances);
  - 16.2.4 let or sublet the Property and vary, renew, terminate, surrender or accept surrenders of leases, tenancies or licences over the Property for a price and on such terms and for such rent and payment as we think fit;
  - 16.2.5 sell any freehold or leasehold reversions so created; and
  - 16.2.6 exercise, on your behalf and without having to give you prior notice or obtain your consent, all the powers and duties conferred on a landlord by legislation in force at the time without having any liabilities or responsibilities to you as a result of doing so.
- 16.3 If we, or a receiver appointed by us, take possession of the Property you must remove all furniture and other moveable property (personal items) from the Property within 7 days and will not remove any fixed items from the Property without our agreement in writing.
- 16.4 If all furniture and moveable items are not removed within 7 days then you agree that we or the receiver may:
- 16.4.1 deal with them as your agents and at your expense;
  - 16.4.2 sell or otherwise dispose of anything which belongs to you (we (or the receiver) will give you any proceeds received less all expenses of the sale); and
  - 16.4.3 remove and store anything which we know does not belong to you.
- 16.5 Where more than one receiver is appointed each joint receiver may act separately and independently of any other joint receiver (unless the document appointing such receiver states otherwise).
- 16.6 A receiver may charge any amount for his services as we agree with him and you will be responsible for paying those fees. We and any receiver may also employ and pay agents to undertake some duties. These will be your agents and you will also be responsible for their fees.
- 16.7 The Law of Property Act 1925 sets out certain rules in relation to the appointment of a receiver and the enforcement of security. It is typical for a mortgage lender to disapply certain of those rules and we do that as set out below:
- 16.7.1 Section 109(8) of the Law of Property Act 1925 is amended to allow a receiver to pay any money owing by you in such order of priority as we and the receiver reasonably agree, rather than a specific order set out in those rules;

16.7.2 Sections 99, 100 and 103 of the Act set out some specific powers in relation to dealing with a Property, but we or a receiver are able to dispose of the Property in any way that we see fit provided that it does not breach these Conditions.

Please ask your legal adviser if you require further information.

## **17 When we can act on your behalf**

17.1 We may need to take certain action (including signing documents) on your behalf to protect our security. You therefore appoint us to be your attorney to take such action where necessary. This means we are legally entitled to act on your behalf. We are appointed for as long as the Loan remains in force securing any money you owe to us.

17.2 If there are two or more of you then you agree that we will be attorney for one of you and a person or persons authorised by us may act as attorney for the other(s) as necessary.

17.3 You give us a power of attorney authorising us and any receiver to act on your behalf to take any action which you are obliged to take under these Conditions, including but not limited to:

17.3.1 signing and completing any document which is needed to make good any defect in your title to the Property or in the mortgage;

17.3.2 transferring your share or interest in any residents' society or management company, or your legal or beneficial interest in the freehold or leasehold reversion of the Property when we exercise our powers as mortgagee to sell or lease the Property;

17.3.3 entering into any variation of your title to the Property in order to protect or enhance our security; and

17.3.4 settling any claim made by your landlord, management company or commonhold association (if your property is leasehold or commonhold) or rent charge owner (if your property is subject to a rent charge) if we think it reasonable for us to settle it in order to protect our security or maintain its value, even though you may dispute the sum claimed.

## **18 Compensation from Third Parties**

18.1 You may at some time be entitled to recover money or damages:

18.1.1 to correct or compensate for defects or damage relating to the Property or the title to it; or

18.1.2 for any breach of contract or wrongful act or omission which may have caused damage to the Property or to the title to it or caused you to accept the Property or the title to it in a damaged or defective condition.

18.2 If you recover money or damages pursuant to condition 18.1 above, you may use the money or damages recovered either towards making good the damage or defects or towards payment of the money secured by the mortgage.

## **19 Transferring the Mortgage and Loan**

19.1 We may transfer our interest in the mortgage to another party at any time on such terms as we may decide. This will not reduce your rights under the mortgage. However, as the Society will not be your mortgage provider anymore, your borrowing membership will cease.

- 19.2 If we do transfer our interest in the mortgage to another party we will write to you informing you of the transfer and letting you have details of your new mortgage provider.
- 19.3 Unless the terms of the transfer state otherwise, a transferee of the mortgage and Loan will be able to exercise all the rights, powers and remedies which we are able to exercise before the transfer. You will have to do everything that you have to do under these conditions for our benefit for the transferee's benefit instead (such as making payment to them).

## **20 Early Repayment, Overpayment and Consolidation**

- 20.1 We may release from the Loan any part of the Property if we are satisfied that the remainder will be adequate security for the Loan.
- 20.2 You may repay all or part of the Loan before the end of the term. If you wish to repay all of the Loan then you will have to pay to us all sums owing under the Loan including:
- 20.2.1 interest calculated up to the date of repayment;
  - 20.2.2 our costs and expenses in connection with the repayment;
  - 20.2.3 all early repayment charges and other charges set out in the Offer; and
  - 20.2.4 other monies due by you to us under the Loan.
- 20.3 If you wish to overpay part of your Loan an overpayment charge may apply. Details can be found in your mortgage offer.
- 20.4 Section 93 of the Law of Property Act does not apply to the Loan. Section 93 enables a borrower to redeem one mortgage without paying the money secured by another, unless the mortgage provides otherwise. You are not entitled to redeem this Loan without at the same time repaying any other Loan in full nor to repay any other security held by us without repaying this Loan in full. This means we will not release any Property or policies held by us as security until you repay this Loan in full. This Condition 16.7.2 does not apply to a Property which is your primary residence meaning that we will allow you to redeem a mortgage over your primary residence without at the same time repaying all other monies you owe us.
- 20.5 Where you repay the Loan we may require you to repay any money owed to us on any other account with us, including an account in respect of any other mortgage or charge, unless the money is owed under an agreement regulated by the Consumer Credit Act 1974 which does not refer to the Loan as security.

The details of our charges are set out in the tariff.

## **21 Guarantor**

- 21.1 If there is a Guarantor to the Loan then the following shall apply:
- 21.1.1 The Guarantor will observe and perform all the obligations in the Conditions which apply to you. Liability is shared equally in respect of any breach or failure to observe or perform the obligations in these Conditions.
  - 21.1.2 Regardless of the rights the Guarantor has against the Borrower as principal debtor the Guarantor as between himself and the Society shall be deemed a principal debtor and not merely a Guarantor and accordingly he shall not be discharged by any time given to the Borrower or any forbearance shown by the Society to the Borrower nor



shall his liability be affected by any act, thing omission or means whatsoever whereby his liability would not have been discharged if he had been a principal debtor.

21.1.3 The Guarantor shall have no right to participate in the proceeds of any security held by the Society or in any money which may be received by the Society whether from you or any other person in reduction of the Loan unless and until all money secured by the Mortgage has been received by the Society in full.

21.1.4 The Guarantor shall not be liable in respect of any further advance made to you unless the further advance is made with the prior written consent of the Guarantor.

21.1.5 The Society may require the Guarantor to enter into a deed of Guarantee separate to and/or in addition to the mortgage in the form it specifies from time to time incorporating the terms of this condition with such modification and supplemental provisions as the Society specifies.

## **22 Buy to Let Conditions**

22.1 This Condition applies if your Offer states that you have a buy to let mortgage. The other provisions in these Conditions remain in effect, unless and to the extent only that they are inconsistent with this Condition 22. Letting of the property made without our consent, will be a breach of your mortgage conditions. If consent is granted you must comply with the letting criteria set out below in Condition 22.7,

22.2 You must let the Property on a tenancy agreement within 2 months of completion of the Loan. You must not occupy the Property yourself.

22.3 You must ensure that the Property has an EPC rating of E or better before you let the Property

22.4 You must provide us with a copy of the tenancy agreement as soon as the property is let.

22.5 Vacant possession of the Property must be obtained on completion of the mortgage. If the Property is occupied at the time of completion the occupiers must occupy under the terms of an assured shorthold tenancy whereby vacant possession can be obtained as of right at the end of the term created by the tenancy.

22.6 You must comply at all times with all laws and regulations applying to landlords of residential properties.

22.7 We will approve any tenancy of the Property on the following criteria:

22.7.1 The tenancy must be in writing and in a form usually used for residential agreements. It must not contain any terms which can adversely affect our interest as mortgagee.

22.7.2 The tenancy must be an Assured Shorthold Tenancy and be for a minimum term of 6 months and a maximum term of 36 months.

22.7.3 The tenant must be required to occupy the Property as his principal residence either alone or with his family.

22.7.4 The Property must not be occupied by more than 4 tenants and must not be subject to House in Multiple Occupation Licensing.

- 22.7.5 The tenancy agreement must not allow the tenant to remain in the Property beyond the end of the contractual term of the tenancy agreement.
- 22.7.6 You must do whatever is legally necessary to ensure that your tenants carry out their obligations under the tenancy agreement.
- 22.7.7 In the case of a leasehold property, you must ensure that the terms of the lease do not prohibit the proposed tenancy or otherwise contain provisions that are contrary to the terms of the lease. You must obtain the consent of the landlord to any sub-letting in accordance with the lease if it is required.
- 22.7.8 You must tell your insurers about the tenancy if your insurance documentation says you must.
- 22.7.9 All necessary notices must be served on the tenant prior to the commencement of the tenancy.
- 22.7.10 You must not change the terms of the tenancy without our prior written consent.

### **23 Self-Build Conditions**

- 23.1 This Condition applies if your Offer states that you have a self-build mortgage. The other provisions in these Conditions remain in effect unless and to the extent only that they are inconsistent with this Condition 23.
- 23.2 You must ensure that the building work is carried out in a way which complies with the terms and conditions of a valid full planning permission for the proposed building.
- 23.3 You must ensure that the building work is carried out in accordance with working drawings submitted for Building Regulation Design Approval with either the Local Authority or an Approved Inspector.
- 23.4 You must arrange for the property to be built under a recognised warranty scheme acceptable to us or monitored by a Professional Consultant that is acceptable to us.
- 23.5 In addition to the insurance requirements set-out in Condition 13:
  - 23.5.1 You must maintain comprehensive site insurance which covers loss or damage to the building works, temporary works and materials (and existing structures in respect of conversion projects), public liability, employers liability, together with personal accident.; and
  - 23.5.1 On completion of the building/conversion the property must be insured for a sum not less than the figure shown in your Offer.
- 23.6 We will release the Loan to you in stages as set out in your Offer subject to our being provided with site inspection reports from the warranty provider (which can incorporate the Building Control functionality if this has been arranged via the warranty provider). In addition if the building work is being monitored by a Professional Consultant they must provide us with a Certificate at each stage required in the format which forms an appendix to the UK Finance Mortgage Lenders' Handbook
- 23.7 We reserve the right to re-inspect the property, at any time, to ensure that work is progressing satisfactorily in accordance with the stage release profile. You are responsible for the cost of any re-inspection.

- 23.8 You must start the building work within six months from the date of the first draw down and the property must be completed and the final instalment released no more than 24 months from the date of the Offer.

## **24 Retirement Interest-Only Conditions**

- 24.1 This Condition applies if your Offer states that you have a retirement interest-only mortgage. The other provisions in these Conditions remain in effect unless and to the extent only that they are inconsistent with this Condition 24.

- 24.2 [You will have to pay to us everything you owe all at once in the circumstances set out in Condition 6. We may also ask you to do this if you move out of the Property and into long-term care].

- 24.3 The loan may be made by us as agent for and the mortgage held by us as trustee for another lender. If this is the case it will be set out in your Offer, and in addition in your capacity as borrower under the mortgage:

24.3.1 you will have no right to apply to be a borrowing member of the Society;

24.3.2 you may not make an application to be a borrowing member of the Society under the Rules; and

24.3.3 you must not seek to exercise any voting rights under the Rules.

- 24.4 You may not let the Property at any time.

## **25 Notices**

- 25.1 If we have to tell you something we may do so either:

25.1.1 personally, which means:

25.1.1.1 by post to your last known address (which unless you have told us otherwise will be the Property); or

25.1.1.2 by fax to or email to any number or email address you have given us for this purpose; or

25.1.2 by advertisement, which means notices in advertisements in national and/or regional newspapers of our choice. You can find out about the current newspapers we use by contacting us on 01384 231 414.

- 25.2 If we give you such notice either personally or by advertisement then it will be considered as received by you as follows:

25.2.1 **Post:** The second working day after date of posting (regardless of class of post).

25.2.2 **Email:** The day the email is sent;

25.2.3 **Fax:** The day of transmission;

25.2.4 **Press advertisement:** The day on which the advertisement first appears in the newspapers we use.

## **26 Other Terms To Be Aware Of**

- 26.1 All communications between us may be monitored or recorded to improve the quality of our service and for your protection and security.
- 26.2 We will supply these terms and conditions and otherwise communicate with you in connection with your Loan in the English language.
- 26.3 Each of the provisions of these Conditions are distinct from each other. If one or more provisions becomes illegal, invalid or unenforceable, this will not affect any of the remaining provisions.
- 26.4 Laws and regulations imply certain terms into our agreement with you. For example, as well as the powers set out in these Conditions, we and you both have some other legal rights. Unless these Conditions explicitly disapply those rights, they will be applicable to you or us.
- 26.5 If we decide not to enforce any part of these Conditions or delay enforcing it, such delay or inaction will not affect our right to enforce the same part at a later date.
- 26.6 We can change these Conditions if it is reasonable to do so to:
- 26.6.1 make them easier to understand or to make them fairer to you;
  - 26.6.2 change the way we look after your account as a result of changes in the banking or financial system, technology or the systems we use to run our business; and
  - 26.6.3 reflect changes to the law, codes of practice or the way we are regulated.
- 26.7 No person other than a party to these Conditions may enforce any rights under these Conditions or under any other agreement, unless we transfer our rights and obligations under this agreement, made in connection with the mortgage under the Contracts (Rights of Third Parties) Act 1999.
- 26.8 These Conditions are governed by the laws of that part of the United Kingdom where the Property subject to the Offer is situated.