



# Mortgage Accounts Terms and Conditions

Effective from 1 May 2020

This booklet sets out the conditions of your mortgage. These conditions apply to all mortgages granted by Scottish Building Society in Scotland. We refer to them as the Scottish Building Society Mortgage Conditions 2020.

We've tried to keep the conditions free from jargon and easy for you to read and understand. If you have any questions about the conditions before your mortgage starts, then your solicitor will be able to help you. Once you have completed your mortgage, then please contact us for help.

## Our agreement with you

These conditions make up part of our agreement with you. Our agreement also includes:

- the Offer of Advance;
- the European Standardised Information Sheet which relates to the Offer of Advance;
- the Standard Security; and
- for so long as you are a borrowing member of Scottish Building Society, our Rules.

If you change your mortgage with us, and we issue you with a new Offer of Advance and/or a new European Standardised Information Sheet, our agreement with you will be amended accordingly.

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## 1 Defined terms and how to interpret these conditions

In these Conditions, unless the context requires otherwise:-

- 1.1 **“Advance”** means each and every sum which we lend you on the security of the Mortgage, and includes each and every further advance or re-advance;
- “Applicable Rate”** means the Current Rate or, where there is more than one, whichever Current Rate we reasonably select as the Applicable Rate in the circumstances;
- “Borrower”** and **“you”** means the party or parties named as the borrower in the Standard Security and includes the following:
- (a) Where the Borrower is an individual their executors, assignees, personal representatives and any person who undertakes the obligations of the Borrower (other than the Guarantor);
  - (b) Where the Borrower is a partnership the partners and trustees thereof and their respective executors and representatives all jointly and severally;
  - (c) Where the Borrower is a company or other body corporate its successors and assignees all jointly and severally;
  - (d) Any reference to “debtor” in the 1970 Act;
  - (e) Any legal person obtaining title from the Borrower;
- “Conditions”** means these mortgage conditions, and include the Standard Conditions specified in Schedule 3 to the 1970 Act as amended;
- “Costs”** means all costs and expenses (including our internal costs) which we incur in connection with the Mortgage including (but not limited to) the examples given in Condition 5.2;
- “Current Rate”** means the rate or rates of interest which apply for the time being to the Advance or any part of the Advance as set out in the Offer of Advance and amended under Condition 4;
- “Environmental Notice”** means any notice issued under the provisions of S78A to S78YC of the Environmental Protection Act 1990 or under Part VI of the Water

(Scotland) Act 1980 which relates to the Property or any neighbouring property;

**“Fees”** means the fees we charge for any document or service we provide in connection with the Mortgage including, but not limited to, the examples listed in Condition 5.1;

**“Guarantor”** includes the executors, assignees and personal representatives of the Guarantor;

**“Month”** means calendar month;

**“Monthly Payments”** means the amount which we will calculate and notify to you in accordance with Condition 6;

**“Mortgage”** means the Security and/or the Advance or where the context so applies the particular Standard Security in which the Conditions or any variation thereof are incorporated and expressions used herein which are defined in the Mortgage shall have the meanings specified therein;

**“Offer of Advance”** means our written offer and any other documents which we issue to you setting out the terms on which we will make an Advance to you;

**“Payment Date”** means the date of each month that we have agreed with you, and which we may at our discretion vary from time to time if you ask us, and being the date for payment of the Monthly Payments;

**“Property”** means the land and any buildings described in the Mortgage and includes each and every part of such property and all fixtures and additions;

**“Property Rights”** has the meaning set out in Condition 12;

**“Rules”** means the Rules of the Society in force from time to time;

**“Security”** means the security constituted by the Standard Security and any security deed supplementary or collateral to the Standard Security granted in substitution for the Standard Security and includes the Conditions, the Offer of Advance and any Acceptance by the Borrower, the Offer of Advance General and Special Conditions, any Receipt for Further Advance and all other further writings supplementary hereto and thereto;

**“Society”, “we”, “our”, and “us”** means Scottish Building Society, having our head office at SBS House, 193 Dalry Road, Edinburgh and includes our successors and assignees and whether in relation to all or part of the Whole Debt, and may at any time mean more than one of them;

**“Standard Security”** means the Standard Security by the Borrower in favour of the Society (and any further deed executed in substitution or amendment thereof) and which secures the Mortgage;

**“Term”** in relation to each Advance means the term for repayment specified in the Offer of Advance;

**“Whole Debt”** means all monies (including compounded interest) which you owe us at any time on the security of the Mortgage;

**“Year”** means each period of 12 months ending on 31 January, or such other date as we may notify you from time to time in accordance with Condition 17.

1.2 References to **“person”** include a body corporate.

1.3 References to **“month”** and **“monthly”** mean a calendar month.

1.4 References to **“you”** include your legal representatives should you die, become insolvent or become unable to manage your affairs.

1.5 Where there is more than one Borrower **“you”** and **“your”** refer to both of you together and each of you separately.

1.6 References to the masculine include the feminine and references to the singular include the plural, and the other way round in each case.

1.7 References to any provision of any Act of Parliament include that provision as updated or altered at any time whether before or after the date of the Mortgage.

1.8 Headings to Conditions are inserted for convenience only and have no legal effect.

1.9 Only you and the Society are entitled to enforce the terms of the Offer of Advance and the Mortgage.

1.10 In the situation where there is any confusion over which terms apply or the terms appear to be contradictory, they will apply in the following order:-

1.10.1 firstly, the Offer of Advance, which includes the latest European Standardised Information Sheet (ESIS) relating to the Mortgage as issued from time to time;

1.10.2 secondly, the Standard Security;

1.10.3 thirdly, these Conditions;

1.10.4 and fourthly, the Rules.

## 2 What you have to pay

2.1 You agree that you will pay to us on time:

(a) on the Payment Date, Monthly Payments comprising interest on the Advance at the Current Rate and (where appropriate) instalments of the Advance and so that by the end of the Term you will have paid the Whole Debt to us, subject however to the provisions of Condition 10.5; and

(b) all Fees and Costs, immediately we require you to do so; and

(c) where applicable, interest on Fees and Costs at the Applicable Rate from the date we need payment of the Fees and Costs until they are paid, such interest to be paid on a demand made by us.

2.2 Where there is more than one Borrower:

(a) if any of you dies, becomes insolvent or becomes unable to manage their affairs this will not affect the liability of the rest of you; and

(b) your liability to us is both joint and several which means that we can enforce the Mortgage against any or all of you for the Whole Debt.

2.3 We may at any time require you on the expiry of 3 months' written notice (or without notice if the Property is compulsorily purchased) to repay the Whole Debt. Except in the case of compulsory purchase, we will only exercise this power:

(a) if we reasonably believe that you have been involved in fraudulent or serious criminal behaviour; or

(b) if we reasonably believe that the relationship between you and us has broken down and cannot be mended.

2.4 Payments will be made by direct debit or by such other method as we may agree with you. The time of payment is important. Please keep this in mind and make sure that you pay on time.

- 2.5 We will apply payments as follows:
- (a) first towards the Monthly Payment due by you to us in the current month;
  - (b) next towards the balance of any Monthly Payments due by you to us for any previous month which you still owe us;
  - (c) next towards any Fees and Costs added to the Advance during the Year, and which you still owe us; and
  - (d) finally, towards any other monies you owe us.

2.6 If we enforce the Standard Security by selling the Property and the net proceeds of sale are insufficient to pay off the Whole Debt you will immediately pay us the shortfall with interest at the Current Rate until payment.

### 3 How we charge interest

3.1 We will charge, and you will pay, interest by one of the following methods. The Offer of Advance will specify which method will apply to the Advance;

(a) Annual Interest Method

You will pay interest in each Year:

- (i) on the amount of the Whole Debt outstanding on the last day of the previous Year; and
- (ii) on any sum which is advanced to or becomes owing from you during the Year as from the date on which it is advanced or becomes owing.

We will enter this interest in your account provisionally on the first day of each Year and on any other day on which any sum is advanced or becomes owing.

(b) Monthly Interest Method

You will pay interest in each Month:

- (i) on the amount of the Whole Debt outstanding on the last day of the previous Month; and
- (ii) on any sum which is advanced to or becomes owing from you during the Month as from the date on which it is advanced or becomes owing. We will enter this interest in your account on the first day of each Month and on any other day on which any sum is advanced or becomes owing.

(c) Daily Interest Method

As with the Monthly Interest Method, you will pay interest in each Month:

- (i) on the amount of the Whole Debt outstanding on the last day of the preceding Month; and
- (ii) on any sum which is advanced to or becomes owing from you during the Month as from the date on which it is advanced or becomes owing.

We will enter this interest in your account on the first day of each Month and on any other day on which any sum is advanced or becomes owing. Payments which are credited to your account will immediately reduce the balance on which interest is charged and will attract an interest credit for the days remaining to the end of the relevant Month.

3.2 We may make changes from time to time in the way we calculate interest, or where applicable change your Annual Interest Method of payment to the Monthly Interest Method or to the Daily Interest Method, or where applicable change your Monthly Interest Method of payment to the Daily Interest Method, for any one or more of the following reasons:

- (a) if the change does not result in any significant detriment to you; or
- (b) to accommodate changes in technology.

If we do this, we will give you reasonable notice of this change in advance in accordance with Condition 17.

3.3 You will pay interest on the sums mentioned in Condition 3.1 at the Current Rate both before and, if allowed by law, after a court makes an order for you to pay money to us.

3.4 Interest will accrue from day to day and will be payable monthly by the Monthly Payments partly in advance and partly in arrears (depending on the Payment Date). The first Monthly Payment will include interest from the date of the advance up to the date on which the first Monthly Payment is due. For the purpose of calculating the Monthly Payments each month will be treated as one 12<sup>th</sup> of a year, and each day as one 365<sup>th</sup> of a year (including in any leap year).

3.5 Where interest is payable on unpaid interest it shall be paid at the Current Rate for the money on which the unpaid interest arose.

## 4 Changes to your interest rate

Our interest rates are published on our website. Interest rates can be:

<b>Discount:</b>	An incentivised variable rate, where the rate is discounted against our SVR for a set period of time, typically two, three or five years
<b>Fixed:</b>	A rate that doesn't change for a set period of time
<b>SVR:</b>	Our standard variable rate, which is typically a set margin over the Bank of England base rate

4.1 Where we have agreed a fixed rate of interest for any period in respect of any Advance we will not vary the interest rate for that period without your agreement, or where there is a change in the way the Property is used or occupied which increases the risk of lending to you. An example would be where you let the Property. Any increase will be in proportion to the increase in the risk of lending to you.

4.2 Where we have agreed a rate of interest which is linked to or tracks a variable reference rate set by an independent body such as (but not limited to) the Bank of England base rate (a 'Base Rate') the interest rate will vary in line with changes in the Base Rate. The exact terms of any change will be set out in the Offer of Advance. If the Base Rate ceases to exist or be available we may for the purposes of calculating the interest rate select such other independent reference rate in substitution for the Base Rate as we may reasonably decide.

4.3 We can reduce the interest rate at any time. Where Conditions 4.1 and 4.2 do not apply, and subject to the terms of any particular Offer of Advance, we can increase the interest rate at any time for any one or more of the following reasons:

- (a) to reflect changes in the Bank of England base rate or other market rates;
- (b) to enable us to maintain the competitiveness of interest rates paid to our investors or the providers of funds to us, while having regard to

the interests of our borrowers. in the interests of our business as a whole;

- (c) to manage margins between interest rates paid to our investors or the providers of funds to us, while having regard to the interests of our borrowers, in the interests of our business as a whole;
- (d) to reflect any increase or reduction in costs reasonably incurred by us in operating our mortgage business;
- (e) if it is necessary to maintain our financial strength in the interests of all our members;
- (f) to enable us to harmonise, in a reasonable manner, the interest rates being paid by our borrowers following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider; or
- (g) to reflect changes in the law or the interpretation of the law, decisions or recommendations of an Ombudsman, regulator or similar person, or any code of practice with which we intend to comply.

Any increase we make in the interest rate will be proportionate to the reason for increasing it.

4.4 We will inform you of any variation under Condition 4.2 and 4.3 either before or as soon as reasonably practicable after such variation is to take effect in the following manner:

- (a) Notice will be given in accordance with Condition 17; or
- (b) At least once each year we will notify you of the Current Rate and the rate or rates of interest applying during that year, in accordance with Condition 17.

4.5 In the event that the Current Rate of interest that applies to the Mortgage is a special incentivised rate, the Society reserves the right to amend the Current Rate to the Society's prevailing standard variable mortgage rate in the event that you do not keep up with your payments under the Mortgage or breach one or more of these Conditions or the terms of the Offer of Advance in a significant way. If we do so we will give you notice of the change by posting or delivering the notice to you under Condition 17 before, or as soon as we can after, such change is to take effect.

**We would consider changing your interest rate to our SVR if you failed:**

- to keep up with your mortgage payments;
- to make arrangements to repay the Whole Debt at the end of an interest only mortgage and to keep to those arrangements;
- to maintain the Property in a good state of repair (Condition 8);
- to insure the Property (Condition 7); or
- to obtain our consent to letting the Property (Condition 9)

## 5 Fees, costs and charges you may have to pay

5.1 Where we charge a Fee because you ask us to provide a document or service in connection with the Mortgage, whether to you or anyone else, the amount of the Fee will be notified to you before completion of the Mortgage and may only be changed in accordance with Conditions 5.4 and 5.5.

**Examples of where we may charge a Fee under this paragraph include (but are not limited to):**

- supplying or copying deeds or documents to you or anyone acting for you;
- discharging the Mortgage;
- releasing the Property or the Property Rights from our security;
- releasing any title deeds;
- processing your application for any Advance and for any change in the terms of the Offer of Advance; or
- giving you any assistance or information in connection with the Property, the Offer of Advance or the Mortgage.

5.2 Where we incur a Cost to protect our security or because you fail to fulfil an obligation you have under the Offer of Advance or the Mortgage you must pay us all reasonable Costs which we reasonably incur

to protect our position or as a result of your failure. Where we are able to make a genuine pre-estimate of the expenses we are likely to incur, the amount of the Cost we will charge will be set out from time to time in our tariff of costs and will be limited to this amount, but otherwise will be unlimited in amount.

**Examples of activities we may charge for under this paragraph include (but are not limited to):**

- any legal proceedings relating to the Mortgage (this applies whether or not you are a party to the proceedings);
- exercising any of the rights or powers given to us by the 1970 Act, any other statute or these Conditions;
- recovering any of the Whole Debt;
- protecting or preserving our security; or
- insuring the Property.

5.3 We will tell you when you have incurred a Fee or a Cost and the amount of the Fee or Cost. If you do not pay the Fee or Cost by the date we tell you that we need payment, the Fee or Cost will be added to the Advance and whether interest may be charged on it at the Applicable Rate.

5.4 We can at any time change the Fees notified to you or change or add to the Costs set out in our tariff of costs if it is to your advantage (for example if we reduce or abolish any Fee or Cost) or for any one or more of the following reasons (which may relate to circumstances existing at the time or those which we reasonably expect to apply in the near future):

- (a) to respond to changes in the cost of providing the service or doing the work we charge for;
- (b) to respond to changes in technology or banking practice;
- (c) to respond to changes we may reasonably make in the activities we carry out or to carry out new activities;
- (d) to respond to changes in the law or the interpretation of the law, decisions or recommendations of an Ombudsman, regulator or similar person, or any code of practice which has the aim of consumer protection;

- (e) to enable us to harmonise in a reasonable manner the Fees and Costs concerned following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider;
- (f) to correct an error;
- (g) to enable us to maintain our financial strength in the interests of all our members.

We will make sure that any new or increased Fee or Cost is proportionate to the reason for introducing or changing them.

5.5 Where we change a Fee under Condition 5.4 we will write to you before the change takes effect or as soon as we can after the change. Where we add to or vary a Cost under Condition 5.4, we will include this in our tariff of costs and we will send you a copy of our current tariff of costs at least once a year. Our tariff of costs is available in branch and on our website.

## 6 Your monthly payments

6.1 We will calculate and set out in the Offer of Advance the Monthly Payments which we need you to make.

6.2 We will calculate Monthly Payments to make sure that:

- (a) in a repayment Mortgage the sum of the Monthly Payments will repay the Whole Debt by the end of the Term; or
- (b) in an interest-only Mortgage the sum of the Monthly Payments will pay all interest, insurance and other costs during the Term with the Advance being repaid to us by you at the end of the Term from some other source.

6.3 We may from time to time write to you to vary the Monthly Payments so as to make sure that the Whole Debt is repaid on or immediately before the expiry of the Term and so as:

- (a) to take account of any increase or reduction in the Current Rate;
- (b) to take account of any partial repayment of an Advance;
- (c) to include any additional amount which we may require to be paid in respect of a further Advance, Fees, Costs or interest, arrears or any other sum you owe us;

(d) where we have agreed a payment schedule with you to clear any arrears or any other sum you owe us;

(e) to take account of any change in the Term; or

(f) to take account of any changes to the repayment type of the Mortgage (for example, changing from interest only to a capital and interest repayment mortgage, or the other way round, or to part capital and interest repayment and part interest only).

6.4 If you are in breach of any of the provisions of the Mortgage (including these Conditions) or the Offer of Advance, and you fail to put right the breach (if capable of being put right) within 21 days of us giving you notice that we need you to do so, then where the Mortgage is not a capital and interest repayment mortgage we may, in addition to any other remedies, convert the Mortgage to a capital and interest repayment mortgage and vary the Monthly Payments accordingly.

## 7 Insuring your property

7.1 You must insure, and keep insured, the Property from the date we tell you to in the Offer of Advance or from the date on which we pay you the Advance, whichever is the earliest, in accordance with the following requirements until the Whole Debt is repaid:

(a) You must insure against fire and such other risks as we reasonably require and tell you from time to time, to protect our security.

(b) The amount insured must cover the cost of rebuilding the Property from time to time including clearing the site and paying all fees and expenses. We will tell you the minimum amount of cover we initially require. This amount must be increased each year in line with the Royal Institution of Chartered Surveyors annual index of house building costs or such other similar index as we may allow. However, you must decide if these amounts, and the risks covered, are adequate for your own purposes.

(c) If the Property forms part of a larger building (for example where the Property is a flat within a tenement or block of



flats) and it is a title condition that the Property is to be insured together with other properties on a common insurance policy, we may accept such insurance as meeting your obligations under this Condition 7.1.

- 7.2 If at any time we are not satisfied that insurance meeting the requirements of Condition 7.1 is in place we may arrange insurance for the Property in such amounts and against such risks as we reasonably require to protect our security. If we do so, we will notify you of this and of the cost of the insurance we arrange, and the following provisions will apply:
- (a) You must decide if the amounts, and the risks covered, are adequate for your purposes.
  - (b) You must not effect or maintain any other insurance for the Property without our consent.
  - (c) We will add the cost of the insurance we arrange to the Advance and interest will be charged on it at the Applicable Rate until it is paid. We may increase the Monthly Payments to recover this cost.
- 7.3 The following provisions will apply whether insurance is arranged by you or us:
- (a) You will not allow or do anything which may make the insurance of the Property invalid or more expensive.
  - (b) We shall have full power on your behalf to deal with the insurers on all matters arising under the policy including power to settle any claim and receive any insurance monies.
  - (c) We may require any insurance monies to be applied in making good the insured loss or damage or in or towards repaying your indebtedness to us. We will not exercise this power in an unreasonable manner or without first seeking to consult with you. If you receive any insurance monies you will hold them separate from your own monies on trust for us and to our order until they are applied as mentioned above, any surplus being paid to you or any other person entitled to receive it. You will make good any shortfall in such monies from your own funds.

## 8 Maintaining and repairing your property

- 8.1 You are responsible for looking after the Property and, to that end, you agree:
- (a) to complete to our reasonable satisfaction any building which is at any time in the course of being built on the Property;
  - (b) to put and keep the Property in good and substantial repair and condition and in good decorative order to our reasonable satisfaction;
  - (c) to observe and perform the title conditions, obligations, restrictions and stipulations (if any) affecting the Property;
  - (d) pay on time all local or national government or other rates, taxes, rents, outgoing, service charges and other charges and impositions payable in respect of the Property and keep us free of the responsibility for every such payment and produce receipts for every such payment if we ask;
  - (e) not without our prior written consent (which will not be unreasonably withheld) to make or allow to be made any structural or material alteration or addition to the Property or make or allow any change in the use of the Property which would require planning permission or approval under any building regulations;
  - (f) to comply in all respects with all statutes and subordinate legislation (including those relating to planning and environmental matters) which apply to the Property and keep us free of the responsibility for any and all breaches of the same;
  - (g) to observe and perform all the requirements and regulations of the local and other authorities in respect of the Property;
  - (h) to give us any information about the Property which we may reasonably ask for;
  - (i) within seven days of your receiving any notice, order or proposal given made or issued by any competent authority concerning the Property (for example a statutory repair notice) to produce

the same to us, to make any reasonable representations about it which we ask you to make, and, unless we instruct you to the contrary, without delay to take all reasonable and necessary steps to comply with the same;

- (j) not without our prior written consent (which will not be unreasonably withheld) to apply for any improvement or similar grant in respect of the Property;
  - (k) at our request sign and deliver any document or do any act or thing with we may need for perfecting or confirming the validity of any Security;
  - (l) not without our prior written consent create or agree to create a subsequent security over the Property or any part of the Property.
- 8.2 Notwithstanding any other provision in the Mortgage:
- (a) we are not entitled to require any works to be carried out or to carry out any works ourselves in either case where such works are required either to remedy any circumstances which could lead to the issue of an Environmental Notice or to comply with an Environmental Notice;
  - (b) you will immediately notify us if you become aware of any circumstances which may lead to the issue of an Environmental Notice or if an Environmental Notice is issued and in either case will provide us with written details of the steps you intend to take to remedy the circumstances or comply with the Environmental Notice;
  - (c) you will allow us to inspect the Property at any reasonable time (and, where practicable, upon reasonable prior notice) including, where necessary, the taking of samples or the making of trial pits or boreholes;
  - (d) you will not create any circumstances which could lead to the issue of an Environmental Notice;
  - (e) in the event that you fail to comply with the provisions of Conditions 8.2(b), 8.2(c) or 8.2(d) the Whole Debt will become repayable at once in full.

## 9 Renting out your property

- 9.1 You must get our written permission (which will not be unreasonably withheld) to grant or agree to grant or renew any lease or tenancy of the Property or licence to occupy the Property (including short term holiday lets of the whole or any part of the Property), or part with or share possession of the Property. As a condition of giving our consent we may impose reasonable conditions including a change in the Current Rate to the Society's prevailing standard variable mortgage rate plus a loading of up to 1% while such letting or occupation continues. This loading will reflect the increase in the risk of our lending to you.

## 10 What happens if you default?

- 10.1 We, subject to the terms of the Standard Security and these Conditions, shall be entitled at any time to require you to pay the Whole Debt by calling up the Standard Security in the matter prescribed by Section 19 of the 1970 Act. This involves informing you in writing that we require you to pay the Whole Debt and, if you fail to pay, that we may exercise the statutory power under the Standard Security to sell the Property.
- 10.2 We may exercise the statutory power of sale to sell the Property whether or not we have taken possession of it and without any restrictions.
- 10.3 The statutory power of leasing shall be extended and varied to enable us:
- (i) to make any lease of the Property on such terms as we think fit; and
  - (ii) to accept or agree to accept any surrender of any leases of the Property.
- 10.4 The statutory power of sale is extended so as to allow us to sell the Property or any part of it for a price payable with or without interest by instalments over such a period and in every such manner as we may think fit.
- 10.5 Our right to take possession of the Property, or to exercise all powers given to heritable creditors under the 1970 Act, any other statute and the Conditions shall be immediately enforceable and the Whole Debt shall become immediately due:
- (i) if you have failed to pay any two Monthly Payments or other payment due under the Mortgage; or

- (iii) if you have breached in whole or in part, any obligation of yours under the Offer of Advance, the Mortgage or under the Conditions (other than for the payment of money) which has not been remedied (where the breach is capable of remedy) within 14 days of a notice being given by us to you requiring that breach to be remedied; or
- (iv) if you die; or
- (v) if you become apparently insolvent within the meaning of Section 16 of the Bankruptcy (Scotland) Act 2016; or
- (vi) if a petition is presented for your sequestration or we consider that such a petition is likely to be presented; or
- (vii) if you permit any diligence to be done or execution of a court decree to be levied on your goods; or
- (viii) if you have any decree for payment against you remaining unsatisfied for more than fourteen days; or
- (ix) if you suffer from a mental disorder as defined in the Mental Health (Scotland) Act 2005 or you otherwise become incapable of managing your affairs; or
- (x) if the Property or any part of it is compulsorily purchased, acquired or requisitioned; or
- (xi) where the Borrower is or includes a company, if a Receiver is appointed to the Property or to any of the Borrowers other property or assets; or
- (xii) where the Borrower is or includes a company, if a petition is presented for a winding up order or administration order, a meeting is convened to consider a resolution for a winding up (unless for the purpose of a reconstruction or amalgamation to which the Society has given its written consent) or enters into an agreement or composition with a creditor or with creditors generally; or
- (xiii) if you surrender possession of the Property to the Society; or
- (xiv) if the Borrower pulls down, wastes, destroys or in any way impairs or lessens the value of the Property, or abandons the Property; or
- (xv) if you fail to comply with a request of the Society made under Condition 10.7 below.

- 10.6 At any time we may do anything we reasonably consider should be done in order to protect the Property or the Mortgage including maintaining or putting in place insurance cover needed under these Conditions or your title deeds, or paying any unpaid rent, service charge or other sum, whether or not you dispute liability to pay.
- 10.7 At any time after any of the events described in condition 10.5 has occurred and the Whole Debt has become due and payable by you, if the value of the Property, as determined by us, acting reasonably, is less than the Whole Debt, then we may require you to provide further security to us for repayment of the Whole Debt.
- 10.8 If you fail to observe or perform any of your obligations on time under the Standard Security or the Conditions without prejudice to our rights under the Conditions we shall have power on your behalf or otherwise to perform the obligations and to take any steps which we in our absolute discretion consider appropriate to put right the failure.
- 10.9 On or after taking possession of the Property we may, as your agent and at your expense, remove, store, sell or otherwise deal with any furniture goods or livestock which you shall fail to remove within 14 calendar days after being given notice by us requesting that those items be removed from the Property. We shall not be responsible for any loss or damage caused in removing those items where you have failed to remove them.

## 11 Our power to enter and repair your property

- 11.1 While the Mortgage continues you will allow us and our agents, after reasonable notice, to enter and view the Property.
- 11.2 You will carry out any repairs or improvements needed to the Property within the reasonable timescale we set you.
- 11.3 If you fail to put right or repair any such defects within the timescale we set you, or if you are in breach of any other obligation in these Conditions as to the carrying out of any works on the Property or the doing of any other act or thing, then we may enter upon the Property with workmen and others and may put right such defect or breach and recover the cost of doing so from you on demand.

- 11.4 If you fail to settle any claim in respect of the Property (for example by a landlord or management company) we can, after notifying you of our intention to do so, settle the claim if we think it reasonable to do so in order to protect our security or maintain its value.
- 11.5 No exercise of any power contained in this Condition 11 shall make us liable as heritable creditor in possession.

## 12 Your property rights

- 12.1 In this Condition 12 "Property Rights" means:
- (a) any right to acquire further or additional shares or interests in the Property which are included in, or otherwise granted to you in, a shared ownership agreement (or any documentation supplemental to or associated with such agreement).
  - (b) any right to receive money which becomes payable in respect of the Property or as a result of any damage to or depreciation of the Property including money payable for mining subsidence or compulsory purchase.
  - (c) any guarantees or insurances relating to all or any part of the Property including guarantees for work done to the Property.
  - (d) any additional security for money owing from you to us.
  - (e) any other benefit or right of any kind relating to the Property or its construction or the title to the Property.
- 12.2 As further security for the monies and liabilities secured by the Mortgage you assign the Property Rights to us and agree that we have full power to gather in, exercise and otherwise deal with all the Property Rights as if we were absolutely and beneficially entitled to them.
- 12.3 You must inform us if you receive any money in respect of any Property Rights, and hold this on our behalf and on trust for us until you have paid it to us in terms of Condition 12.4.
- 12.4 Any proceeds from the sale or disposal of the Property Rights, after deducting all costs incurred by us, will be applied in reducing the Whole Debt, and any surplus will be paid to you or any other person then entitled to the same.

## 13 Repaying your mortgage balance

- 13.1 You may not redeem the Mortgage without at the same time redeeming every other mortgage or charge you have with us. 'Redeem' means to pay off the Mortgage in full.
- 13.2 Subject to Conditions 13.1 and 13.3 and to the provisions of any Offer of Advance:
- (a) you may at any time redeem the Mortgage by paying all monies secured by the Mortgage (including any early repayment charges that may be applicable, and any Fees associated with the redemption of the Mortgage and the discharge and release of our security); and
  - (b) you may make payments in advance.
- 13.3 Once the Whole Debt and any Fees and other sums you owe us under the Mortgage have been paid to us in full, we will discharge and release the security we hold from you, including the Discharge of the Mortgage.
- 13.4 Where you wish to repay the Whole Debt early, either in whole or in part, we have the right to make an early repayment charge. The charges that will apply (if any) are set out in the Offer of Advance.
- 13.5 If we calculate the amount needed to redeem the Mortgage incorrectly and we receive that incorrect amount, then notwithstanding any receipt we issue, you will still have to pay the difference between the amount paid and the amount you should have paid. However unless you knew, or should reasonably have known, of the mistake we will not rely on this Condition to claim against you:
- (a) where you have acted to your detriment after relying on our incorrect calculation; or
  - (b) unless we make a claim within 3 months of receiving the incorrect amount.

## 14 Acting on your behalf

- 14.1 When you take out the Mortgage you appoint us to be your attorney with the following powers.
- 14.2 As your attorney, we may, in your name and on your behalf, sign and deliver any deed or document, exercise any rights or powers which you have in respect of the Property or the Property Rights and do anything else

which we think necessary or desirable to protect our security under the Mortgage, or to exercise any powers contained in the Mortgage or to preserve the Property or the Property Rights or the value of the same.

- 14.3 Where there is more than one of you our power under this Condition 14 will not arise until:
- (a) one of the events specified in Condition 10.5 has occurred; and
  - (b) we have given you notice that our powers have arisen;
- and our powers will then continue for a period of twelve months from the date of that notice.
- 14.4 Our appointment as your attorney under Condition 14.1 cannot be revoked or cancelled by you during the Term of the Mortgage.

## 15 Our power to transfer your mortgage to someone else

- 15.1 We may at any time transfer, create a security over or otherwise charge or dispose of the benefit of all or any part of the Whole Debt, the Mortgage, any related security and all or any legal rights under any of the same to any other person. For example we could sell the Mortgage to someone else. We don't need your permission to do this. Any such transfer, charge, security or disposal will not reduce your rights or obligations under the Mortgage.
- 15.2 You acknowledge that you will be bound to any such transferee in respect of the transferred obligations to the same extent as you were originally bound to us. We can share information we hold about you relating to the Mortgage with the person we're transferring our rights to. For example, we can share details of your Mortgage with buyers and their professional representatives as part of any restructuring or sale of our business or assets. You also acknowledge that on a transfer your membership of the Society and your rights as a borrowing member may cease.

## 16 Changes to and relaxing these conditions

- 16.1 In addition to our right to make changes to your interest rates and our Fees, we may also change, add to or remove any of these Conditions. We may do this:
- (a) to comply with any changes in applicable law, or with the requirements or recommendations of a regulator or similar body, or to take account of any decision by a court or ombudsman;
  - (b) to make the Conditions clearer and more easily understood; or
  - (c) where the change or changes would be to your advantage.
- We'll make sure any change is proportionate to the reason for making it and we'll give you reasonable notice in writing before the changes take effect. We will send you either a summary of the changes or a copy of the new conditions.
- 16.2 No forbearance or delay by us in enforcing the Mortgage or these Conditions will prejudice or restrict our rights under the Mortgage and no waiver by us of any breach of these Conditions will operate as a waiver of any subsequent or continuing breach.
- 16.3 Each of the provisions of the Mortgage and these Conditions is severable and distinct from the others and if at any time any one or more of such provisions becomes illegal, invalid or unenforceable, this will not impair or affect the legality, validity or enforceability of the remaining provisions.

## 17 Communicating with you

- 17.1 Any demand or notice by us shall be sufficiently served on you if in writing, addressed to you and left at or sent by prepaid post to:
- (a) the Property; or
  - (b) your address last known to us.
- 17.2 Where we send any demand or notice by post it will be deemed served on you 48 hours after posting.

## 18 Governing Law

- 18.1 The Mortgage and the Conditions will be governed by Scottish law.
- 18.2 The powers conferred on us under the Mortgage and the Conditions are without prejudice to our power under common law or statute and may be exercised as often as we think appropriate.

## 19 Standard Securities

Where the Whole Debt is secured by a Standard Security over heritable property (land and buildings) in Scotland, the Standard Conditions specified in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 as amended (the "1970 Act") shall apply, subject to the variations set out in these Conditions.

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IN WITNESS WHEREOF: these presents consisting of this and the 13 preceding pages together with the Appendix of Standard Conditions annexed hereto are sealed with our Common Seal and are subscribed for and on our behalf by Aileen Elizabeth Rose, Society Secretary and Authorised Signatory, by authority of our Board of Directors at Edinburgh on the 11 February 2020 in the presence of Grahame James Walker, Chief Risk Officer, both of SBS House, 193 Dalry Road, Edinburgh.

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## Standard Conditions

These are the Standard Conditions contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 as amended, referred to in the Scottish Building Society Mortgage Conditions 2020.

The following table sets out the Standard Conditions and when they have been varied by the Society's Conditions.

Standard Conditions	Where is this dealt with in these Conditions?
<p><b>1 Maintenance and Repair</b> It shall be an obligation on the debtor -</p> <ul style="list-style-type: none"> <li>(a) to maintain the security subjects in good and sufficient repair to the reasonable satisfaction of the creditor;</li> <li>(b) to permit, after seven clear days notice in writing, the creditor or his agent to enter upon the security subjects at all reasonable times to examine the condition thereof;</li> <li>(c) to make all necessary repairs and make good all defects in pursuance of his obligation under head (a) of this condition within such reasonable period as the creditor may require by notice in writing.</li> </ul>	Condition 8 applies in place of Standard Condition
<p><b>2 Completion of buildings etc and prohibition of alterations etc.</b> It shall be an obligation on the debtor -</p> <ul style="list-style-type: none"> <li>(a) to complete, as soon as may be practicable, any unfinished buildings and works forming part of the security subjects to the reasonable satisfaction of the creditor;</li> <li>(b) not to demolish, alter or add to any buildings or works forming part of the security subjects, except in accordance with the terms of a prior written consent of the creditor and in compliance with any consent, licence or approval required by law;</li> <li>(c) to exhibit to the creditor at his request evidence of that consent, licence or approval.</li> </ul>	Standard Condition 2 applies
<p><b>3 Observance of conditions in title, payment of duties, charges, etc., and general compliance with requirements of law relating to security subjects</b> It shall be an obligation on the debtor -</p> <ul style="list-style-type: none"> <li>(a) to observe any condition or perform any obligation in respect of the security subjects lawfully binding on him in relation to the security subjects;</li> <li>(b) to make due and punctual payment of any ground burden, teind, stipend, or standard charge, and any rates, taxes and other public burdens, and any other payments exigible in respect of the security subjects;</li> <li>(c) to comply with any requirement imposed upon him in relation to the security subjects by virtue of any enactment.</li> </ul>	Condition 8 applies in place of Standard Condition 3

Standard Conditions	Where is this dealt with in these Conditions?
<p><b>4 Planning notices, etc.</b> It shall be an obligation on the debtor -</p> <ul style="list-style-type: none"> <li>(a) where he has received any notice or order, issued or made by virtue of the Town and Country Planning (Scotland) Acts 1947 to 1969 or any amendment thereof, or any proposal so made for the making or issuing of any such notice or order, or any other notice or document affecting or likely to affect the security subjects, to give to the creditor, within fourteen days of the receipt of that notice, order or proposal, full particulars thereof;</li> <li>(b) to take, as soon as practicable, all reasonable or necessary steps to comply with such a notice or order or, as the case may be, duly to object thereto;</li> <li>(c) in the event of the creditor so requiring, to object or to join with the creditor in objecting to any such notice or order or in making representations against any proposal therefor.</li> </ul>	Standard Condition 4 applies
<p><b>5 Insurance</b> It shall be an obligation on the debtor -</p> <ul style="list-style-type: none"> <li>(a) to insure the security subjects or, at the option of the creditor, to permit the creditor to insure the security subjects in the names of the creditor and the debtor to the extent of the market value thereof against the risk of fire and such other risks as the creditor may reasonably require;</li> <li>(b) to deposit any policy of insurance effected by the debtor for the aforesaid purpose with the creditor;</li> <li>(c) to pay any premium due in respect of any such policy, and, where the creditor so requests, to exhibit a receipt therefor not later than the fourteenth day after the renewal date of the policy;</li> <li>(d) to intimate to the creditor, within fourteen days of the occurrence, any occurrence;</li> <li>(e) which may give rise to a claim under the policy, and to authorise the creditor to negotiate the settlement of the claim;</li> <li>(f) without prejudice to any obligation to the contrary enforceable against him, to comply with any reasonable requirement of the creditor as to the application of any sum received in respect of such a claim;</li> <li>(g) to refrain from any act or omission which would invalidate the policy.</li> </ul>	Condition 7 applies in place of Standard Condition 5
<p><b>6 Restriction on letting</b> It shall be an obligation on the debtor not to let, or agree to let, the security subjects, or any part thereof, without the prior consent in writing of the creditor, and "to let" in this condition includes to sub-let.</p>	Condition 9 applies in place of Standard Condition 6

Standard Conditions	Where is this dealt with in these Conditions?
<p><b>7 General power of creditor to perform obligations etc, on failure of debtor and power to charge debtor</b></p> <p>(1) The creditor shall be entitled to perform any obligation imposed by the standard conditions on the debtor, which the debtor has failed to perform.</p> <p>(2) Where it is necessary for the performance of any obligation as aforesaid, the creditor may, after giving seven clear days notice in writing to the debtor, enter upon the security subjects at all reasonable times.</p> <p>(3) All expenses and charges (including any interest thereon), reasonably incurred by the creditor in the exercise of a right conferred by this condition, shall be recoverable from the debtor and shall be deemed to be secured by the security subjects under the standard security, and the rate of any such interest shall be the rate in force at the relevant time in respect of advances secured by the security, or, where no such rate is prescribed, shall be the bank rate in force at the relevant time.</p>	<p>Condition 11 applies in place of Standard Condition 7</p>
<p><b>8 Calling up</b></p> <p>The creditor shall be entitled, subject to the terms of the security and to any requirement of law, to call-up a standard security in the manner prescribed by section 19 of the 1970 Act.</p>	<p>Standard Condition 8 applies (as referred to in Condition 10.1)</p>
<p><b>9 Default</b></p> <p>(1) The debtor shall be held to be in default in any of the following circumstances, that is to say:</p> <p>(a) where a calling-up notice in respect of the security has been served and has not been complied with;</p> <p>(b) where there has been a failure to comply with any other requirement arising out of the security;</p> <p>(c) where the proprietor of the security subjects has become insolvent.</p> <p>(2) For the purposes of this condition, the proprietor shall be taken to be insolvent if:</p> <p>(a) he has become notour bankrupt, or he has executed a trust deed for behoof of, or has made a composition contract or arrangement with, his creditors;</p> <p>(b) he has died and a judicial factor has been appointed under Section 11A of the Judicial Factors (Scotland) Act 1889 to divide his insolvent estate among his creditors or his estate falls to be administered in accordance with an order under Section 421 of the Insolvency Act 1986.</p> <p>(c) where the proprietor is a company, a winding-up order has been made with respect to it, or a resolution for voluntary winding-up (other than a members' voluntary winding-up) has been passed with respect to it, or a receiver or manager of its undertaking has been duly appointed, or possession has been taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property of the company comprised in or subject to the charge.</p>	<p>Condition 10 applies and Standard Condition 9 applies</p>

Standard Conditions	Where is this dealt with in these Conditions?
<p><b>10 Rights of creditor on default</b></p> <p>(1) Where the debtor is in default, the creditor may, without prejudice to his exercising any other remedy arising from the contract to which the standard security relates, exercise, in accordance with the provisions of Part II of the 1970 Act and of any other enactment applying to standard securities, such of the remedies specified in the following subparagraphs of this standard condition as he may consider appropriate.</p> <p>(2) He may proceed to sell the security subjects or any part thereof.</p> <p>(3) He may enter into possession of the security subjects and may receive or recover the rents of those subjects or any part thereof.</p> <p>(4) Where he has entered into possession as aforesaid, he may let the security subjects or any part thereof.</p> <p>(5) Where he has entered into possession as aforesaid there shall be transferred to him all the rights of the debtor in relation to the granting of leases or rights of occupancy over the security subjects and to the management and maintenance of those subjects.</p> <p>(6) He may effect all such repairs and may make good such defects as are necessary to maintain the security subjects in good and sufficient repair, and may effect such reconstruction, alteration and improvement on the subjects as would be expected of a prudent proprietor to maintain the market value of the subjects, and for the aforesaid purposes may enter on the subjects at all reasonable times.</p> <p>(7) He may apply to the court for a decree of foreclosure.</p>	<p>Condition 10 and Standard Condition 10 applies</p>
<p><b>11 Exercise of right of redemption</b></p> <p>(1) The debtor shall be entitled to exercise his right (if any) to redeem the security on giving notice of his intention so to do, being a notice in writing (hereinafter referred to as a "notice of redemption").</p> <p>(2) Nothing in the provisions of the 1970 Act shall preclude a creditor from waiving the necessity for a notice of redemption, or from agreeing to a period of notice of less than that to which he is entitled.</p> <p>(3) (a) A notice of redemption may be delivered to the creditor or sent by registered post or recorded delivery to him at his last known address, and an acknowledgment signed by the creditor or his agent or a certificate of postage by the person giving the notice accompanied by the postal receipt shall be sufficient evidence of such notice having been given.</p> <p>(b) If the address of the creditor is not known, or if the packet containing the notice of redemption is returned to the sender with intimation that it could not be delivered, a notice of redemption may be sent to the Extractor of the Court of Session and an acknowledgment of receipt by him shall be sufficient evidence of such notice having been given.</p> <p>(c) A notice of redemption sent by post shall be held to have been given on the day next after the day of posting.</p>	<p>This is dealt with in your Offer of Advance and Condition 13 and Standard Condition 11 applies</p>

Standard Conditions	Where is this dealt with in these Conditions?
<p>(4) When a notice of redemption states that a specified amount will be repaid, and it is subsequently ascertained that the whole amount due to be repaid is more or less than the amount specified in the notice, the notice shall nevertheless be effective as a notice of repayment of the amount due as subsequently ascertained.</p> <p>(5) Where the debtor has exercised a right to redeem, and has made payment of the whole amount due, or has performed the whole obligations of the debtor under the contract to which the security relates, the creditor shall grant a discharge in the terms prescribed in section 17 of the 1970 Act.</p>	<p>This is dealt with in your Offer of Advance and Condition 13 and Standard Condition 11 applies</p>
<p><b>12</b> The debtor shall be personally liable to the creditor for the whole expenses of the preparation and execution of the standard security and any variation, restriction and discharge thereof and, where any of those deeds are registered or recorded, the registration or recording thereof, and all expenses reasonably incurred by the creditor in calling-up the security and realising or attempting to realise the security subjects, or any part thereof, and exercising any other powers conferred upon him by the security.</p>	<p>Condition 5 applies in place of Standard Condition 12</p>
<p><b>Interpretation</b></p> <p>In this Schedule, where the debtor is not the proprietor of the security subjects, “debtor” means “proprietor”, except</p> <p>(d) in standard conditions 9 (1), 10 (1) and 12 and</p> <p>(e) in standard condition 11, where “debtor” includes the proprietor.</p>	



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Scottish Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Register No 206034). Branches and local offices throughout Scotland. Member of the Building Societies Association and UK Finance.

February 2020