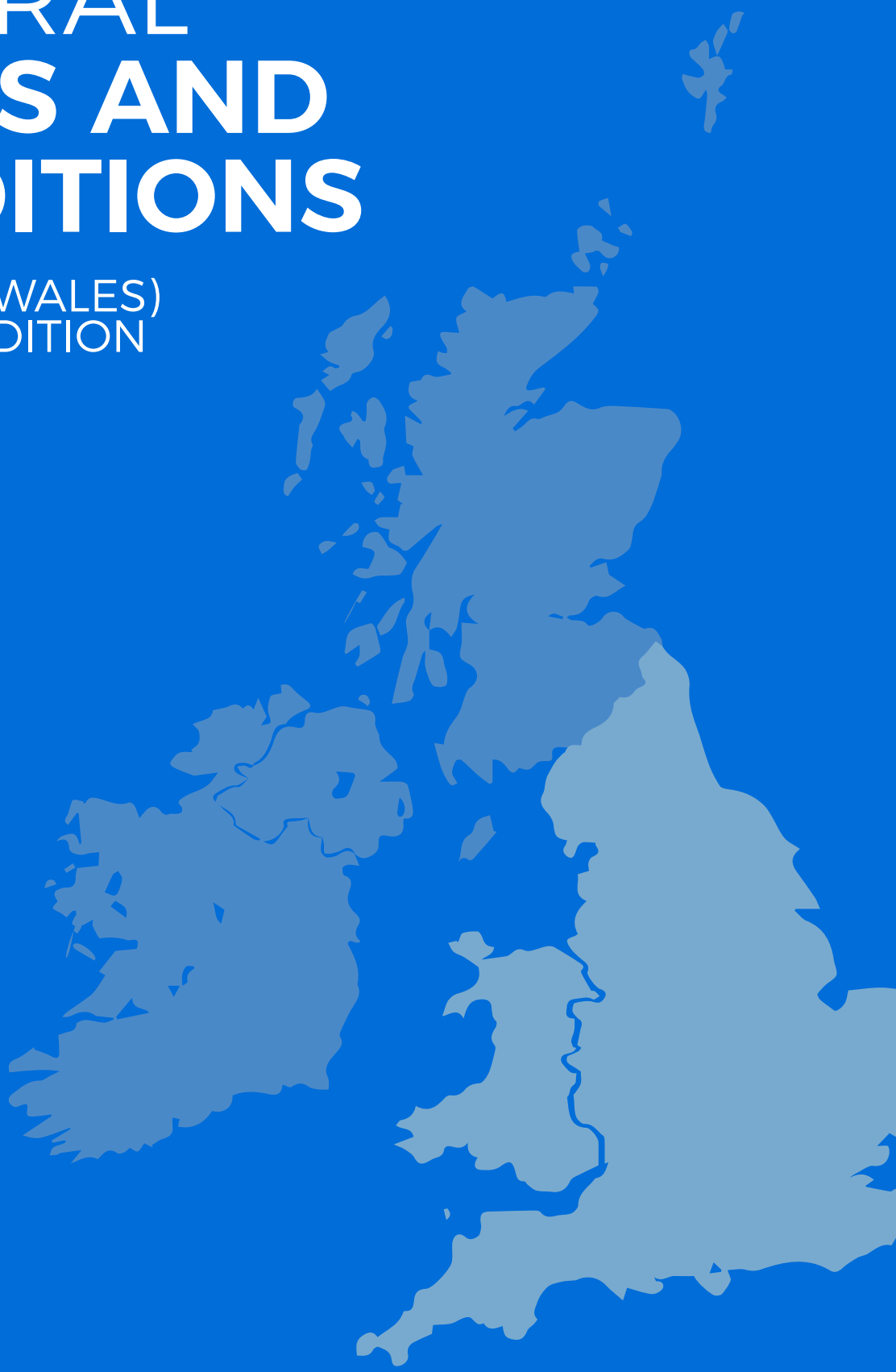
GENERAL **TERMS AND CONDITIONS**

(ENGLAND & WALES)
2020 - 3RD EDITION



Bluestone Mortgages Limited is authorised and regulated by the Financial Conduct Authority.
Registered in England and Wales No. 2305213

Registered Office
3rd Floor, 22 Chancery Lane, London, WC2A 1LS

bluestonemortgages.co.uk

Bluestone.
mortgages

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

PLEASE KEEP THESE MORTGAGE CONDITIONS IN A SAFE PLACE IN CASE YOU NEED TO LOOK AT THEM IN THE FUTURE.

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INTRODUCTION

THIS IS AN IMPORTANT LEGAL DOCUMENT.

These **conditions**, together with the other **mortgage documents**, contain the provisions which will govern **your mortgage loan**. If **you** enter into the **mortgage deed you** will be legally bound by these **conditions** and the other **mortgage documents**.

We recommend that each person named in the **offer** carefully reads and fully understands these **conditions** and any other **mortgage document** before the **mortgage deed** is entered into because the obligations imposed by them will apply equally to each person.

Before **you** enter into any **mortgage document,** if **you** have any questions about anything in these **conditions** or any other **mortgage document** or if **you** are unsure of the meaning of any part of them, please ask **your solicitor** to explain them to **you** until **you** fully understand them. In any case, if **you** need assistance **you** can contact **us** by calling **our customer service number** between 9:00 am and 5:30 pm Monday to Friday.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions and meanings

In these **conditions** and in the **mortgage documents**, some of the words and phrases used have a special meaning. These words and phrases are shown in bold type, like **this**, so that **you** are able to identify them.

The meaning of those words and phrases, unless the context otherwise requires, is explained below:

"**applicant declaration**" means the "Applicant Declaration" form that **you** sign and submit to **us** when applying for **your mortgage loan**.

"**application**" means the application that **you** complete and any information **you** (or someone acting for **you**) give **us** (including any information and declaration contained in the **applicant declaration**) so that **we** can grant **you** the **mortgage loan**.

"**assured shorthold tenancy**" means an assured shorthold tenancy as defined in the Housing Act 1988, as amended or re-enacted from time to time.

"**bank account**" means the bank account opened or to be opened in **your** name (and which shall include the client account of any **solicitor you** instruct) into which **we** have been instructed to credit the **initial loan** or any **further loan**.

"**Bank of England base rate**" means the rate decided by the Monetary Policy Committee of the Bank of England from time to time as being the Bank of England base rate. If for any reason it is not possible to determine such rate the Bank of England base rate will be such other rate set by any successor to the Bank of England which **we** reasonably decide is a comparable rate at that time. This base rate can move up or down from time to time, so where **we** mention it in the **mortgage documents**, **we** mean the base rate as set at the relevant time.

"**Bluestone**", "**we**", "**us**" and "**our**" (and the normal extension of these terms) means Bluestone Mortgages Limited and any person who has the right now or at any future date to exercise all or any of **our** rights under **your mortgage** including:

(a) any **transferee**;

(b) anyone who is entitled to exercise **our** rights because of an amalgamation or takeover; and

(c) anyone who is entitled to exercise **our** rights because of a reorganisation of **our** group.

"**borrower**", "**you**" and "**your**" (and the normal extension of these terms) mean each person named as the **borrower** in the **mortgage deed** and all of them together if there is more than one of them, and includes (a) **your** personal representatives in the event of **your** death, (b) anyone claiming any right, estate or interest from or through a **borrower** and (c) anyone to whom the **property** or any **related right** passes, however, this may happen. Each of **you** is responsible for the full repayment of the **mortgage debt** if there is more than one of **you** and whenever **we** use the word **you** or **borrower**, **we** mean each or any of **you** individually as well as jointly.

"**borrower bank account**" means **your** bank account from which **your monthly payments** are made from;

"**borrower group company**" means where the **borrower** is a limited company, the **borrower**, any subsidiary or holding company of the **borrower** at the date of the **offer** or from time to time and any other subsidiary of the holding company of the **borrower** at the date of the **offer** or from time to time.

"**borrowing**" means all moneys borrowed, raised or secured by **you** (or where the **borrower** is a limited company, by any **borrower group company**) including but not limited to all liabilities under any **guarantees** or indemnities or any other liabilities (whether primary or secondary) incurred to discharge the obligations of any third party.

"**building's insurance**" means any policy of insurance referred to in **conditions** 3.5, 6.4.5 or 6.4.7 to the extent that it insures loss or damage to the **property** or premises of which the **property** forms part.

"**business day**" means any day of the week except Saturday or Sunday or any bank or other public holiday in England and Wales.

"**buy-to-let mortgage**" means any **mortgage loan** the purpose of which is stated in the relevant **offer** to be to buy or refinance the acquisition of a **property** for letting purposes. This will usually be where **we** have agreed with **you** on or before the date of the **offer** that the **property** will be let to a third party (in accordance with the requirements of these **conditions** and the **offer**) and will not be occupied by **you** or a member of **your** family.

"**capital**" means money **we** have lent **you** through the **initial loan** and any **further loan**.

"**certificate of title**" means a certificate issued pursuant to the **instructions to solicitors** and pursuant to which, among other things, **our solicitor** confirms that the **property** is good, marketable and free of any restrictions, covenants, easements, charges or encumbrances which at **completion** might reasonably be expected to materially adversely affect the value of the **property** or its future marketability (but excluding any matters covered by indemnity insurance) and which may be accepted by **us** for the purpose of the **mortgage**.

"**completion**" means the date on which any **loan** is made available to **you** (or someone acting for **you** as **your solicitor**) by electronic transfer or otherwise.

"**conditions**" means the terms set out in this document. A reference to a numbered **condition** is to that **condition** in this document.

"**contact address**" means the address referred to in your **offer** or as otherwise notified to **you** by **us** from time to time, referred to as such.

"**customer service number**" means the phone number referred to in your **offer** or as otherwise notified to **you** by **us** from time to time, referred to as such.

"**deed of consent**" means the deed in the form provided by **us** to be executed by any person referred to under **condition** 3.6.3 and pursuant to which all of their interest in the **property** and the **related rights** is made subject to the **mortgage security**.

"**direct debit mandate**" means the direct debit mandate supplied by **us** for **you** to complete to set up **your monthly payments** by direct debit**.**

"**early repayment charge**" means a charge that applies when all or part of the **capital** is repaid before the end of the **term** as set out in the **offer**.

"**event of default**" has the meaning given to it in **condition** 7.1.3.

"**expenses**" means all reasonable **fees**, charges, costs and other expenses including legal, surveyor and other professional fees as well as any reasonable administrative costs,disbursements, tax or stamp duties (including those payable in relation to the Land Registry), enforcement costs of any type or amounts otherwise connected with the exercise of **our** powers and rights under the **mortgage documents** which **we** or, as appropriate, the **receiver** reasonably incur in connection with the **mortgage documents**, including but not limited to those relating to:

(a) the creation of the **mortgage**, including **our solicitor's** or **title insurer's** costs and disbursements;

(b) recovering all or part of the **mortgage debt**, including calculating and recovering any money in arrears under the **mortgage**;

(c) bringing or defending legal proceedings relating to the **mortgage debt**, the **property** or any other **security** interest created to secure the **mortgage debt** (this applies whether or not **you** are a party to the proceedings);

(d) complying with a remediation notice pursuant to **condition** 6.3.1(g), including those in respect of the **property** and any **related rights** served on **you** or **us** under the Environmental Protection Act 1990 unless **we** knowingly caused or allowed the **property** to become contaminated when in possession as mortgagee;

(e) protecting, preserving or enforcing any **security** for the **mortgage debt**;

(f) providing **our** consent or approval as required under these **conditions**;

(g) insuring the **property**, where **we** choose to do so, in accordance with these **conditions**;

(h) remedying any breach by **you** of any of **your** obligations under the **mortgage** including **your** obligations to repair or insure the **property** and **your** obligations referred to in **condition** 3.4.2;

(i) exercising any of the rights or powers given to **us** by statute or under these **conditions**;

(j) in complying with any request **you** make to **us** (including a request to supply or copy documents or deeds); and

(k) in discharging the **mortgage** and releasing the **property** from **our security**.

"**fee**" means any fee that **we** charge **you** for **our** services, as listed in the **tariff of charges**.

"**further loan**" means any further loan which **we** may make available to **you** after the **initial loan**, which will be secured by way of first legal **mortgage** over the **property**, the amount of which will be set out in an **offer**.

"**guarantee**" means any guarantee, indemnity or **security** given by a third party for the **mortgage debt**.

"**guarantor**" means any third party giving a **guarantee.**

"**house in multiple occupation**" has the meaning given to it under Section 254 of the Housing Act 2004.

"**ICE Benchmark Administration**" means ICE Benchmark Administration Limited, or any successor body that is responsible for compiling and distributing LIBOR from time to time.

"**initial interest**" means the initial amount of interest which will accrue on the **mortgage debt** between **completion** and the first **monthly payment date**, pursuant to **condition** 5.6.

"**initial loan**" means the first **mortgage loan** which **we** make available to **you** (and which will be secured by way of first legal mortgage over the **property**), the amount of which is set out in the **offer**.

"**instructions to solicitors**" means the instructions set out in the document named "General

Instructions to Solicitors'' that **we** have provided to **you** or **your solicitor** together with the **offer**.

''**interest**'' means the amount that **we** charge **you** for lending **you** money pursuant to **condition** 5.6.

''**interest period**'' unless otherwise specified in the **offer**, means the period of time, set by **us**, which **we** use to calculate **interest payments** (other than the **initial interest**). Each **interest period** runs from and including **your monthly payment date** until the day immediately prior to **your** next **monthly payment date**. However, **we** may change the **interest period** in accordance with **condition** 5.11.1.

''**interest rate**'' means the rate or rates of **interest** that will apply to the **mortgage loan**. The **interest rate** is stated in the **offer** and can be fixed or variable. The **interest rate** may change before **completion** pursuant to **condition** 3.1.6. The **interest rate** may also change after **completion** in accordance with these **conditions**.

''**joint mortgage**'' means a **mortgage** pursuant to **condition** 2.3.

''**lease**'' means where the **property** is leasehold, the lease under which the **borrower** holds the **property**;

''**legal completion**'' means the date of the **mortgage deed**.

''**lender**'' means **Bluestone** and any person specified as such in the **mortgage deed** and shall include anyone claiming any right, estate or interest from or through the **lender**.

''**LIBOR**'' means in relation to any **rate period** the rate, detailed in (a) and (b) below, rounded up to the next 0.05% at which sterling deposits are offered for a three **month** period by prime banks in the London inter-bank market at 11.00 a.m. on the **quotation day** for that **rate period**. The rate is:

(a) the rate which appears on the display designated as the **ICE Benchmark Administration's** interest settlement rate on the page LIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters; or

(b) if no such display rate is then available on the relevant **quotation day**, the mean of the rates notified by each **reference bank**.

''**margin**'' means the portion of **interest** which is referred to as the margin as set out in the **offer** (or as otherwise notified to **you** by **us**).

''**month**'' means a calendar month.

''**monthly payment**'' means the amount **you** are required to repay of the **mortgage debt** every **month** under the **mortgage documents**, the initial amount of which is set out in the **offer**. **We** may change the **monthly payment** in accordance with **condition** 5.4. The **monthly payment** may be rounded up to the nearest whole pound.

''**monthly payment date**'' means the day in each **month** on which the relevant **monthly payment** must be made. The **monthly payment date** is currently set as the first day of each relevant **month** following **completion**. **We** may change the **monthly payment date** in accordance with **condition** 5.4.4 or if **we** agree to a change requested by **you**.

''**mortgage**'' means, as the case may be, the **mortgage deed**, the **mortgage debt** or the **mortgage loan**.

''**mortgage account**'' means the account or accounts **we** keep to record the amount of money **you** owe **us** from time to time in respect of the **mortgage debt**.

"**mortgage debt**" means all money from time to time due, owing or incurred to **us** by **you** under the terms of the **mortgage documents**, including (without prejudice to the generality of the foregoing):

(a) the **mortgage loan**;
(b) the **expenses**;
(c) the **fees**,
(d) any tax payable on any fees and expenses,
(e) all **interest** payable in accordance with the **offer** and or these **conditions;** and
(f) any other amount due in accordance with the **offer** and/or these **conditions** (including, by way of example, the amounts due in respect of insurance premiums to be paid pursuant to **condition** 6.4.5(e)).

"**mortgage deed**" means the legal document by which **you** give **us security** by means of a legal charge of the **property** for the **secured amount**. No prior **security** held by the **lender** over the whole or any part of the **property** shall merge in the **security** created by the **mortgage deed**. The **mortgage deed** incorporates these **conditions**.

"**mortgage document**" means any of the documents listed in **condition** 4.1.1.

"**mortgage loan**" means the amount from time to time lent by **us** to **you** (whether made available to **you** directly or to **your solicitor** on **your** behalf), which shall include the **initial loan** and any **further loan** (as applicable).

"**mortgage priority deed**" means the deed in the form provided by **us** pursuant to which any existing or future interest in the **property** is made subject to the **mortgage security**.

"**mortgage security**" means the **security** created pursuant to the **mortgage deed** to secure the **mortgage debt** and includes any further **security** pursuant to the **mortgage deed**.

"**mortgagee**" means the person having a security interest over the **property**.

"**offer**" means:

(a) with respect to an **initial loan**, the written **offer** by **us** to lend the **initial loan** to **you**; and
(b) with respect to any **further loan**, the written **offer** by **us** to make a **further loan** to **you**.

The **offer** consists of the offer letter which **we** send to **you** and any special **conditions** which are attached to it and includes these **conditions**. Any changes to the **offer** made by **us** in writing before **completion** pursuant to **condition** 3.1.5 are included, as are any changes which **we** notify to **you** in writing and which **you** agree to after **completion**.

"**payment**" means the **monthly payment** specified in the **offer**, any changed payment that may apply under **condition** 5.4 and any other payment pursuant to these **conditions**.

"**personal information**" means any information or documents held by **us** in relation to **you**, **your application**, the **mortgage documents**, the **property**, any **related rights**, the **security** and/or the conduct of **your mortgage account** (including any historical information or the results of any statistical, monitoring or quality analysis activity that **we** may carry out relating to the above).

"**powers of attorney**" means the powers of attorney referred to in **condition** 7.5.

"**property**" means the real estate asset described in the **mortgage security**, and any and every part of that asset, together with all buildings, fixtures and fittings now or at any time after **completion**, including **your** beneficial interest in it or in its sale proceeds, as well as any

related rights that **your mortgage debt** and any other money **you** owe **us** under the **mortgage document** is secured against.

"**property act**" means the Law of Property Act 1925 as amended or re-enacted from time to time.

"**quarter day**" means the 13th day of every February, May, August and November or, if that day is not a **business day**, the next **business day** which follows it.

"**quotation day**" means for a **rate period**, the **business day** immediately before the beginning of that **rate period**.

"**rate period**" means a period which starts on a **quarter day** and finishes on the day immediately before the next **quarter day**. For the avoidance of doubt the first **rate period** for any **mortgage loan** will commence on the **quarter day** immediately before **completion** (unless **completion** occurs on a **quarter day** in which case it will commence on that **quarter day**).

"**receipt**" means any money received by **us** (or where appropriate, **you** or the **receiver**) at any time:

(a) as **rental income**;
(b) as proceeds deriving from any sale or disposal of the **property** or the **related rights** provided that nothing in this definition shall be deemed as an authorisation to sell or dispose of the **property** or the **related rights** in any way other than pursuant to these **conditions**;
(c) in connection with any of the **related rights** (and for the avoidance of doubt including amounts received under the **building's insurance**);
(d) as compensation for the compulsory purchase of the **property**;
(e) in any other way under or in connection with the **mortgage**.

"**receiver**" means a receiver and/or manager of any or all of the **property** charged as **security** for the **secured amount**.

"**reference bank**" means the principal London offices of HSBC Bank plc, Barclays Bank plc and Lloyds Bank plc or such other bank or banks as **we** may from time to time reasonably determine.

"**related rights**" means:

(a) **your** rights (and, as applicable, the **guarantor's** rights) under any agreement, option, **guarantee** or statutory right which concerns the **property**, the way the **property** is built or the condition of the **property** (including any right of action for negligence or misrepresentation in connection thereof);
(b) all easements, servitudes and rights which benefit the **property**;
(c) any share or interest in relation to any share or other membership rights which **you** (and, as applicable, the **guarantor**) hold in a management company, commonhold association or resident's society or similar association by virtue of owning or having an interest in the **property**;
(d) any rights **you** (and, as applicable, the **guarantor**) have to claim damages or compensation or insurance money payable in respect of the **property** and any sums which (under any statute or law or contract and whether as of right, volunteered or otherwise) may be (or may become) payable in respect of the **property** or any damage or injury to it or depreciation to it and the benefit of any other obligation, security right, or indemnity affecting or concerning the **property**;

(e) the rights (including any right of action for negligence or misrepresentation) or claims **you**, (and, as applicable, the **guarantor**) may at any time have against any person in connection with any report, statement or valuation given in respect of the **property** or which affected **your** (and, as applicable, the **guarantor's**) decision to enter into the **mortgage deed** or the **guarantee** as the case may be;

(f) all rights, interests or claims against any tenant of, or person who at any time occupies the **property**;

(g) all rights, interests or claims **you** (and, as applicable, the **guarantor**) may at any time have arising under the **building's insurance**;

(h) any rights **you** (and, as applicable, the **guarantor**) may have to extend the term of any **lease** of the **property** or to take a new **lease** or acquire the freehold or other such interest in the **property** or in the building of which the **property** is a part; and

(i) any leasehold or freehold interest in the **property** which **you** (and, as applicable, the **guarantor**) acquire after the date of the **mortgage deed**.

"**rental income**" means the gross rents, licence fees and any other money, at any time, derived from the **property** or any other property charged as **security** for the **secured amount**.

"**secured amount**" means the **mortgage debt** and any other present or future money, obligations and liabilities owed by **you** to **us** whether actual or contingent and whether jointly or severally as principal or surety, and in any other capacity (without prejudice to the generality of the foregoing) in relation to the **mortgage** or any agreement made with **us** after **completion** except for any money payable under any agreement regulated by the Consumer Credit Act 1974 which does not provide that the agreement is secured by the **mortgage deed**.

"**security"** means any of the following:

(a) an interest in property (which shall include any mortgage, charge, pledge, lien, assignment or other security interest) that is given to secure any obligation of any person (such as the repayment of a debt);

(b) any other agreement or arrangement having a similar effect; and

(c) any attachment or inhibition imposed by a court.

"**solicitor**" means a solicitor holding a practicing certificate from the Solicitors Regulatory Authority, a conveyancer holding a practicing certificate from the Council for Licensed Conveyancers or a Fellow of the Institute of Legal Executives or, in each case, their duly authorised delegate.

"**standard variable rate**" means **our** standard variable **interest rate** applicable to **your mortgage**, as published on **our website**, which can be changed by **us** at any time before and after **completion** in accordance with **condition** 5.8.1. If **we** enter into a **transfer**, the **standard variable rate** may be set by or on behalf of the **transferee**. The **transferee** can set the **standard variable rate** independently of any rate set by **Bluestone** or any other **transferee**.

"**tariff of charges**" means the tariff of **our** administration and other **fees** which **we** charge in connection with **your mortgage** and any **mortgage document**, as published by **us** and notified to **you** together with the **offer** or sent to **you** with **your** annual statement or at any other time, as amended from time to time. **You** can ask **us** to send a copy of the **tariff of charges** to **you** at any time or **you** can find a copy on the **website**.

"**term**" means, with regard to any **mortgage loan**, the period of time specified in the **offer** for that **mortgage loan** which shall commence on **completion** and, by the end of which, the **mortgage debt** is due to be repaid. The **term** can be changed in accordance with the **mortgage documents**.

"**title insurer**" means an insurance company instructed by **us** to provide title and related insurance cover for **our** benefit only in respect of the **mortgage loan** and/or the **property**.

"**transfer**" means a transfer, assignment (whether absolute or by way of **security**), mortgage, charge, **security**, creation of trust over, agreement to sell or other disposal (in law or in equity or beneficially) of all or any of **our** present or future rights, title, interests and benefits in respect of all or any of the **mortgage documents** and/or the **mortgage property**.

"**transferee**" means any person or organisation to whom a **transfer** is made (including any legal or equitable assignee of the **mortgage**, whether by way of absolute assignment or by way of **security** only and those deriving title under it or them).

"**website**" means **our** internet presence at www.bluestone.co.uk or such replacement website address as **we** may direct **you** to from time to time.

1.2 Interpretation and Effect

1.2.1 These **conditions** are incorporated into the terms of the **offer** (which continue to apply after **we** make the **mortgage loan**) and any other **mortgage document**. If the **offer** is not consistent with these **conditions**, the **offer** prevails.

1.2.2 References to legislation include that legislation as re-enacted, amended or extended or applied by any other legislation from time to time.

1.2.3 References to any of the **mortgage documents** or to any other document include references to such **mortgage documents** or document as may have been or may from time to time be amended, varied, supplemented, substituted or replaced.

1.2.4 The headings are used for convenience only and do not affect interpretation.

1.2.5 The expressions 'includes', 'including' and 'for example' do not limit the meaning of any other words.

1.2.6 Singular includes plural and the masculine includes the feminine and the other way round. Where an expression includes more than one person it shall include any one or more of them.

1.2.7 Any reference to a person shall:

(a) be construed as a reference to any person, firm, company, corporation or any association or partnership (whether or not having separate legal personality) as well as a natural person; and

(b) include references to that person's successors, **transferees** and assignees and any person claiming any right, estate or interest under or through that person.

1.2.8 Obligations of more than one person are joint and several.

1.2.9 Where any of these **conditions** prevents **you** from doing something without **our** consent or permission, **we** will not unreasonably withhold **our** consent. **You** agree that it is not unreasonable for **us** to refuse to consent to something if it adversely affects or might affect **our security** or the value of the **property**.

1.2.10 If **we** have the power to require something then, unless otherwise specified, **we** will not require it unless it is reasonable for **us** to do so, for example, if it will or might assist with preserving **our security** or the value of the **property** and the **related rights**.

1.2.11 Any consent required from the **lender** under the **mortgage documents** will only be valid if given in writing pursuant to **condition** 2.6. The **lender** may, subject to 1.2.9 above:

(a) give consent on whatever terms it chooses;

(b) on giving the **borrower** written notice, withdraw or change the terms of any consent.

1.2.12 Nothing in the **mortgage documents** shall exclude or restrict any mandatory legal requirement **we** have under regulations administered by the Financial Conduct Authority or any other equivalent or successor regulatory body.

1.2.13 No provision of these **conditions** will affect **your** statutory rights under the Unfair Contract Terms Act 1977 the Consumer Rights Act 2015 or **your** rights under any legally binding code of practice to the extent that such rights cannot be excluded by law. If there is any conflict between these **conditions** and such rights, such rights will prevail.

1.2.14 The **mortgage security** will not extend or apply to any money **you** owe under an agreement which is regulated by the Consumer Credit Act 1974 (for example a credit card or a personal loan) unless otherwise specified in the **mortgage deed**.

1.2.15 **We** will not be liable to **you** for any direct or indirect loss **you** suffer (for example any loss of profit) if **we** are unable to provide any service or fulfil any obligation under **our** agreement for reasons beyond **our** reasonable control.

1.2.16 These **conditions** are the Bluestone General Terms and Conditions (England and Wales) 2020 (3rd Edition).

2 GENERAL PROVISIONS

2.1 Changes to the conditions

2.1.1 Without prejudice to the following provisions, **we** may make changes to these **conditions** for any of the following reasons:

(a) to make them easier to understand or fairer to **you**;

(b) to reflect changes in the law, taxation, any applicable regulation, or codes of practice;

(c) to put right any mistakes or omissions that might be discovered;

provided however that **we** will give **you** at least one **months'** notice of any such change.

2.2 Mistakes

2.2.1 If **we** miscalculate the amount payable by **you** to **us** or if **we** make any other mistake or omission in relation to any statement or information given to **you** by **us** in respect of the **mortgage debt**, this will not, in itself be sufficient to affect **our** rights (including **our** ability to claim the correct amount from **you**). However, **we** will act fairly, reasonably and proportionately in exercising **our** rights.

2.2.2 A receipt or letter or any instrument of discharge saying the **mortgage debt** has been repaid in full or in part will not prevent **you** from being personally liable if it is later found out that the amount of the **mortgage debt** was understated by mistake. However, **we** will act fairly, reasonably and proportionately in exercising **our** rights.

2.2.3 This does not affect any legal rights which **you** have as a result of **you** acting to **your** detriment as a result of the **mortgage debt** being understated.

2.3 Joint mortgages

2.3.1 If two or more of **you** are named in the **mortgage deed** and/or any other **mortgage documents** as **borrowers**, the **mortgage** will be a **joint mortgage** and the following terms will apply:

(a) Each **borrower** is individually responsible for complying with the terms of the **mortgage documents**, including, for example, making sure that all **payments** are

made in a timely manner. Each **borrower** is individually responsible for ensuring that the entire **mortgage debt** is repaid (and not merely a share).

(b) If any of the **borrowers** fail to comply with any of the terms of the **mortgage documents**, **we** can take action against all or any **borrowers,** and can enforce **our** rights under the **mortgage documents** against any one of the **borrowers** without having to involve the other(s).

(c) Any waiver, moratorium or other arrangement **we** make or agree upon with one **borrower** or some of the **borrowers** will not affect **our** rights against the other(s) or any responsibilities of the other(s) under the **mortgage documents**.

(d) In particular, **we** may at any time release or discharge any **borrower** from its liability under the **mortgage documents**, or give time for payment to accept any composition from or make any other arrangements with any **borrower**, without in any such case thereby discharging or releasing in whole or in part or otherwise prejudicing or affecting **our** rights and remedies against any of the rest of the **borrowers**.

(e) If any of the **mortgage documents** are unenforceable or otherwise ineffective against any one or more of the **borrowers**, none of the other **borrowers** will be released from its obligations as a result. Any **payment we** receive from any of the **borrowers** will be taken to have been made on behalf of all the **borrowers**.

(f) All **borrowers** should read the **mortgage documents** carefully as they apply equally to all of the **borrowers**.

(g) Without prejudice to item (h) below (and subject to payment of any **early repayment charge**), any **borrower** may repay a **mortgage debt** relating to a **joint mortgage**.

(h) If **your mortgage loan** is portable pursuant to **condition** 4.4, and only one **borrower** wishes to exercise the option to transfer the **mortgage loan** to a new **property**, **we** will require written consent to the transfer from all **borrowers**. Details as to whether **your mortgage loan** is portable can be found in the **offer**.

2.4 Forbearance and separate terms

2.4.1 No delay or failure to exercise any right or power under the **mortgage documents** shall operate as a waiver. If **we** relax any of the **conditions** or **we** delay or **we** don't enforce any of **our** rights in respect of **your mortgage** it will not be meant to affect **our** rights or powers in the future and/or any other way unless **we** expressly state that this is **our** intention.

2.4.2 If **you** fail to comply with any of the **conditions** or any other term of **your mortgage** and **we** agree to take no action, **we** will still be able to take action if **you** fail to comply with any of the **conditions** or any other term of the **mortgage documents** in the future.

2.4.3 Any waiver or variation of any right by **us** shall only be effective if it is in writing and signed by **us** and applies only in the circumstances for which it was given and shall not prevent **us** from subsequently relying on the relevant provision.

2.4.4 Each term in the **conditions** is separate from the others. If **we** cannot legally enforce any particular term this will not stop **us** from enforcing the other terms.

2.4.5 The invalidity, unenforceability or illegality of any provision (or part of a provision) of the **mortgage documents** under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with any modification necessary to give effect to the commercial intention of the parties.

2.5 Third party rights

2.5.1 The Contracts (Rights of Third Parties) Act 1999 does not apply to these **conditions** or to the **offer**. This means that anyone who is not party to these **conditions** will have no rights hereunder.

2.6 Notices, communications and complaints

2.6.1 We may contact **you** using the most recent e-mail address, permanent postal address or phone number **you** have given to **us**. Unless expressly stipulated otherwise in a particular **condition**, if the **conditions** require or provide for notice to be given by **us** to **you** in connection with **your mortgage**, the notice will be given in writing and:

(a) delivered to **you** personally at the **property** (without prejudice to **condition** 2.6.2);

(b) sent to **you** by first or second class post, addressed to **you** at the **property** or if **you** have notified **us** in writing of another address within the United Kingdom for **yourself**, at the correspondence address **you** have provided;

(c) if **we** have agreed with **you** that **we** may give **you** notice under these **conditions** by e-mail or fax, by sending the notice to **you** at the last e-mail address or fax number **you** have provided to **us**; or

(d) given to you in accordance with any other method allowed by law.

All notices sent to **you** by post will be deemed to have been received by **you** at noon on the second day after posting. All notices sent to **you** by e-mail or fax will be deemed to have been received by **you** on the same day as transmission. If the **conditions** require or provide for notice to be given by **us** to **you** in advance in connection with any change, that change will not be made before the later of (i) any date given for the change in the notice and (ii) the date falling seven days after the relevant notice is deemed to have been received by **you** (or such longer period as is provided for by the **conditions** or in the relevant notice).

2.6.2 In the case of a **buy-to-let mortgage**, notices to be delivered to **you** personally pursuant to **condition** 2.6.1(a), will be sent to the latest correspondence address given to **us** by **you**.

2.6.3 If **you** need to issue a notice to **us**, **you** must send it to **our contact address** at First Floor, 3rd Floor, 22 Chancery Lane, London, WC2A 1LS or to any other address **we** may give to **you** for such purpose from time to time and it will not be valid until **we** have received it. If **our contact address** changes, **we** will let **you** know. If **you** send **us** any original, valuable or important documents, **we** recommend that **you** use special delivery or a similar service.

2.6.4 **You** can telephone **us** at any time between 9:00 am and 5:30 pm on any **business day** at the customer service number.

2.6.5 If **you** call the **customer service number, we** may record or monitor any relevant telephone conversations (i) to make sure **we** carry out **your** instructions accurately, (ii) to help **us** maintain the quality of **our** service, (iii) for security and training purposes; and (iv) to ensure **we** comply with our regulatory and legal obligations.

2.6.6 **You** must tell **us** by (i) writing to **us** at **our contact address** or (ii) using the **customer service number** if:

(e) **your** contact details change (including changes in **your** name and **your** marital status);

(f) unless the **mortgage** is a **buy-to-let mortgage**, the **property** (in whole or in part) ceases to be used, or intended to be used, as, or in connection with, a dwelling by **you** or any person related to **you**;

(g) any statement **we** send **you** includes an item that appears to be wrong;

(h) **you** change the **bank account** or the **borrower bank account**;

(i) any **borrower** dies;

(j) any **condition** under the **mortgage documents** requires **you** to contact **us**; or

(k) anything else happens about which **we** would reasonably want to know.

We will communicate with **you** in English and all documents **we** send **you** and use will be in English.
You can ask for a copy of any **mortgage document** in Braille, large print or audio at any time for free.

2.6.7 In the event of **your** death, until **we** receive an official copy of the confirmation, grant of probate of the will or letters of administration of **your** estate, notice addressed to **you** at **your** contact address will be treated as being sufficient notice to **your** personal representatives.

2.6.8 If **you** think a person who is not entitled to do so is trying to give **us** instructions without **your** permission, **you** must tell **us** as soon as possible. Until **you** tell **us**, **you** will be responsible for any such instruction **we** receive and act on even if it was not given by **you** provided that **we** were not negligent in acting on those instructions.

2.6.9 If **you** wish to make a complaint, please contact **us** by phone at the **customer service number** or in writing at **our contact address**. If **you** are not satisfied with the way **we** have tried to resolve **your** complaint, **you** can refer it to the Financial Ombudsman Service. **You** can find more about the Financial Ombudsman Service (i) on their website (www.financial-ombudsman.org.uk), (ii) by contacting **us**, (iii) by writing to them directly at Exchange Tower, London E14 9SR, or (iv) by telephoning them on 0800 023 4567.

2.7 Your Personal information

2.7.1 **Bluestone** is a data controller of **your personal information**. **Your** privacy is very important to **us**. **We** promise to do **our** best to protect the information and make sure it is up to date.

2.6.3 **We** will process your **personal information** in order to perform **our** contract with **you**, protect **our** legitimate interests whilst doing so, and comply with **our** legal obligations. **We** may use **your personal information** to:

(a) verify **your** identity, make credit decisions, ensure any **offer** to **you** is appropriate to your circumstances, and administer **your mortgage account**;
(b) trace **you**, and enforce, or allow forbearance in relation to, **your mortgage**;
(c) comply with **our** obligations to regulators;
(d) for analysis and statistical purposes to assist **us** in running **our** business;
(e) assist fraud prevention agencies ("**FPAs**") to prevent money laundering and financial crime, and credit reference agencies ("**CRAs**") to facilitate responsible lending;
(f) to consider and deal with any complaints **you** may have or any other problems which may arise in relation to **your mortgage**; or
(g) for any other purpose for which **you** provide **us** with **your personal information**.

2.7.2 **We** may process the following categories of **personal information** relating to **you** which **you** have provided, **we** have collected from **you**, or **we** have received from third parties, when carrying out the above functions:

(a) name, address, contact details, email address, telephone numbers;
(b) date of birth, and if relevant, residency, citizenship, nationality, and any information about **your** health and any vulnerability;
(c) financial details, including **your** income and expenditure, savings, borrowings and debts;
(d) employment record;
(e) marital status and details of **your** dependents;
(f) nature of occupier status (e.g. whether you are a tenant or owner occupier) and address history;
(g) identifiers assigned to **your** computer or another internet-connected device including **your** Internet Protocol (IP) address;
(h) vehicle details; and
(i) information from **CRAs** and **FPAs**.

2.7.3 **We** may also process such **personal information** in relation to any guarantor of, or joint applicant for, the **mortgage**.

2.7.4 **We** may disclose some of **your personal information**, to the extent that is proportionate, to:

- **(a)** **CRAs** and **FPAs**. **We** may periodically submit information to **CRAs** and **FPAs** throughout the term of **your mortgage**. If **you** do not repay money owed to **us** on time and in full, **we** may inform **CRAs** who will record the outstanding **mortgage debt**, and this may impact on **your** ability to obtain credit;
- **(b)** any intermediary assisting **you** with **your application;**
- **(c)** **our** subsidiaries or holding company, or any subsidiary of **our** holding company;
- **(d)** **our** regulators;
- **(e)** any company providing insurance or other products in connection with **your mortgage**;
- **(f)** third parties which provide services to **us** in connection with **your mortgage**;
- **(g)** **your** guarantors, and any adult occupiers of the **property**;
- **(h)** **our** guarantors, investors, or funders, and any entity proposing to do so;
- **(i)** actual or proposed **transferees** of **our** rights against **you**;
- **(j)** any party with whom **we** or **our** agents have, or are considering entering into, a contractual agreement in relation to **your mortgage**;
- **(k)** any **receiver**, and any party who it may be necessary to inform in connection with any contemplated litigation against **you**; and
- **(l)** professionals employed in relation to the **mortgage documents**, or as advisors to persons referred to above.

2.7.5 If **you** have expressly agreed to **us** contacting **you**, or sharing **your personal information** with third parties, for the purpose of conducting confidential market research or sending **you** details of products or services that **we** think may be of interest to **you**, **we** may also pass **your personal information** to such third party suppliers for these purposes. **You** have the right at any time to stop **us** from contacting **you** or giving **your** details to others for these purposes. **You** can write to us at 3rd Floor, 22 Chancery Lane, London, WC2A 1LS if **you** wish it to stop.

2.7.6 **We** may use any information **you** provide to **us**, or that **we** obtain or generate relating to **you** in connection with **our** dealings with **you**, as follows:

- **(a)** to decide whether to enter into the **mortgage** and then administer and manage **your mortgage**;
- **(b)** to consider and deal with any complaints **you** may have or any other problems which may arise in relation to **your mortgage**;
- **(c)** for internal analysis to improve how **we** operate **our** business;
- **(d)** to prevent and detect fraud and other criminal activity;
- **(e)** to provide **you** with information about other products and services **we** provide; and
- **(f)** for any other purpose for which **you** provide **us** with **your** personal information.

2.7.7 If **you** would like a copy of **your** personal information that **we** have about **you** or information held about **you** by **CRAs** and **FPAs**, simply call **us** or write to **us**, at the **customer service number** or in writing to **our contact address** and, as the case may be, **we** will provide **you** with a copy of any such information or give the contact details of the above-mentioned agencies. **You** may be charged a **fee** for this. The relevant details are set out in **our tariff of charges**.

2.7.8 To the extent an intermediary is assisting **you** with **your mortgage application**, **you** acknowledge and agree that **Bluestone** can exchange communications, also containing **your personal information**, with the intermediary.

2.7.9 **We** may retain and hold **your personal information**, and all details and documents about **you**, for up to 12 years after the date on which **your mortgage** is repaid.

2.7.10 Further detail about how **we** use and share **your personal information** is set out in the **applicant declaration** which was signed by **you** prior to the making of the **mortgage loan**.

Fraud Prevention and Detection

2.7.11 Before **we** provide services, goods or financing to **you**, **we** undertake checks for the purposes of preventing fraud and money laundering and verifying **your** identity. These checks require **us** to process **personal information** about **you**.

2.7.12 **We** will use **your personal information** to prevent fraud and money laundering and to verify your identity.

2.7.13 When **we** and **FPAs** process your **personal information**, **we** do so on the basis that we have a legitimate interest in preventing fraud and money laundering, and verifying identity, in order to protect **our** business and comply with laws that apply to **us**. Such processing is also a contractual requirement of the services or financing **you** have requested.

2.7.14 **We**, and **FPAs**, may also enable law enforcement agencies to access and use **your personal information** to detect, investigate and prevent crime.

2.7.15 **FPAs** can hold **your personal information** for different periods of time, and if **you** are considered to pose a fraud or money laundering risk, **your personal information** can be held for up to six years.

Automated Decisions

2.7.16 As part of the processing of **your** personal information, decisions may be made by automated means. This means **we** may automatically decide that **you** pose a fraud or money laundering risk if:

(a) **our** processing reveals **your** behaviour to be consistent with that of known fraudsters or money launderers; or is inconsistent with your previous submissions, or

(b) **you** appear to have deliberately hidden **your** true identity.

2.7.17 **You** have rights in relation to automated decision making: if **you** want to know more please contact **us** using the details above.

Consequences of Processing

2.7.18 If **we**, or an **FPA**, determine that **you** pose a fraud or money laundering risk, **we** may refuse to provide the services and financing **you** have requested or to employ **you**, or **we** may stop providing existing services to **you**.

2.7.19 A record of any fraud or money laundering risk will be retained by the **FPAs** and may result in others refusing to provide services, financing or employment to **you**. If **you** have any questions about this, please contact us at the **customer service number** or in writing at **our contact address**.

Data Transfers

2.7.20 Whenever **FPAs** transfer **your personal information** outside of the European Economic Area, they impose contractual obligations on the recipients of that data to protect **your personal information** to the standard required in the European Economic Area. They may also require the recipient to subscribe to 'international frameworks' intended to enable secure data sharing.

Your rights

2.7.21 **Your personal information** is protected by legal rights, which include your rights to:

(a) object to our processing of **your personal information**;

(b) request that **your personal information** is erased or corrected;

(c) request access to **your personal information**.

2.7.22 For more information or to exercise **your personal information** rights please, please contact us, at the **customer service number** or in writing at **our contact address**.

2.7.23 If **you** are unhappy about how **your personal information** has been used please refer to **condition** 2.6. You also have a right to complain to the Information Commissioner's Office (https://ico.org.uk/concerns), which regulates the processing of **personal information**.

2.8 Intermediary's fee

Bluestone may pay any intermediary a **fee** for having introduced **your mortgage application** to **Bluestone**.

2.9 Your liability to us

If a claim is made or defence is raised against **us** by someone other than **you** because of something **you** do wrong or failed to do, **you** must pay **us** the full amount of the losses, liabilities, **expenses**, costs and payments which **we** incur as a result.

2.10 Our rights of transfer

2.10.1 **We** can **transfer our** rights under the **mortgage documents** (including the **mortgage debt**) to another person at any time. **We** will only do so if **your** rights under the **mortgage documents** will not be prejudiced.

2.10.2 **We** will give **you** notice if the **mortgage** is transferred in circumstances where **we** do not keep the right to set **interest rates** and charges.

2.10.3 **You** agree that in case of a **transfer:**

(a) **you** will promptly enter into any documents which **we** may reasonably require in connection with such **transfer** and will return them to **us**;

(b) **your** existing and future responsibilities to **us** under the **mortgage documents** will pass to the **transferee**. The **transferee** may have all **our** rights and powers to exercise **our** rights instead of **us** (including the power to change the **standard variable rate**, as applicable, or amend the **tariff of charges**) and enforce **your** obligations, under the **mortgage documents**; and

(c) reference in the **mortgage documents** to "Bluestone" "we", "us", "our" (and the normal extension of these terms) will each be read to make reference instead to the **transferee**.

2.10.4 **Your** rights and obligations under the **mortgage documents** are personal to **you** and unless any **mortgage documents** state otherwise, **you** are not entitled to transfer them to anyone else.

2.11 Applicable law and jurisdiction

2.11.1 These **conditions** and the **mortgage documents** are governed and construed in accordance with the law of England and Wales and the parties to these **conditions** irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales. The courts of England and Wales will deal with any claim, dispute or difference arising from these **conditions** and the **mortgage documents**, except that **we** may enforce any court order against **you** in any country where **you** live or in which **you** have assets.

3 Offer

3.1 Our offer

3.1.1 Before **legal completion you** are free not to enter into any other **mortgage document** and **we** have the right to change the terms of or to withdraw our **offer** altogether and to decline to make any **mortgage loan** in accordance with **condition** 3.1.5.

3.1.2 The **mortgage loan** will be released only once the requirements set out in this **condition** 3 and in the **offer** have been satisfied.

3.1.3 The **offer** will expire if **legal completion** does not take place by the earlier of the expiry date set out in the **offer** and the date falling 3 **months** from the date the **offer** is made unless otherwise stated in the **offer**.

3.1.4 **We** reserve the right to obtain a new valuation of the **property** if **legal completion** does not take place within 3 **months** following the date of the **offer** or if the valuation of the **property** is older than 6 **months** at the time of the envisaged **legal completion**. **You** will be charged a **fee**, as detailed in the **tariff of charges**, with respect to such valuation. We will notify **you** beforehand.

3.1.5 Subject to **condition** 3.1.6 **we** will only withdraw or change the **offer** if any of the following things happen or **we** reasonably believe them to have happened:

(a) **you** are in breach of the material terms of the **offer**;

(b) **our solicitor** cannot comply with any of **our** instructions or cannot give a clear **certificate of title**;

(c) **our** making available to **you** the **mortgage loan** would result in **our** being in breach of **our** obligations as a responsible lender;

(d) any of the information given to **us** about **you**, the **property** or any other matter which might influence **our** decision to make the **mortgage loan** turns out to be misleading, inaccurate or false, or pursuant to **condition** 3.1.7, there is a material change in **your** ability to meet **your** obligations to **us** (including a change in **your** circumstances);

(e) any further investigation recommended in any valuation reveals anything which reduces the value or suitability of the **property** as **security** for the **mortgage debt**;

(f) **we** have reasonable doubts about the value of the **property** (including as a result of a new valuation obtained pursuant to **condition** 3.1.4) or the effectiveness of any **security** intended to be held for the repayment of the **mortgage debt**;

(g) an insurer is not prepared to agree to effect satisfactory **building's insurance** for the **property**;

(h) **your** bank or building society will not accept the direct debit mandate required to make the **monthly payment**;

(i) a fraud or money laundering is taking place in relation to the **mortgage** or related services, or **your borrower bank account** is being or is going to be used for an illegal purpose; or

(j) **you** and **we** agree to make a change to the terms of the **offer** (for example, a change in the amount of the **initial loan**) in accordance with condition 3.1.9.

We will make every reasonable effort to give **you** as much notice as possible before **we** change or withdraw the **mortgage offer**. However, in certain circumstances (for example where **we** are prevented from doing so by law or regulation) **we** may not be able to tell **you** in advance.

3.1.6 **We** may vary the **interest rate** quoted in an **offer** before a **mortgage loan** is made to **you,** in accordance with **condition** 5.8, **condition** 5.9 or **condition** 5.10. In the event **we** vary the **interest rate**, **we** will inform **you** of such variation by notice in writing.

3.1.7 If, whether prior to the **mortgage loan** being released to **you** or after **completion,** there is a material change in **your** ability to meet **your** obligations to **us, you** must notify **us** immediately.

3.1.8 If for any reason **you** no longer need the **mortgage loan**, **you** should let **us** and **your solicitor** know about it as soon as reasonably practical.

3.1.9 **You** cannot alter the **offer** without **our** agreement. If **you** want to change anything in the **offer you** must contact **us**. If **we** agree a change, **we** will send **you** a new **offer**. **You** can only accept the most recent **offer** which **we** have sent to **you**.

3.1.10 If the **offer** states that **we** will pay the **mortgage loan** to **you** in instalments or that **we** will hold back any of the **mortgage loan** for the reasons specified within the **offer**, **we** will only pay the instalments or the amount held back if **you** comply with the terms of the **offer**, including those relating to any **payments** (this means that no **payments** are in arrears and that all sums due to **us** have been paid as of the last **monthly payment date**).

3.2 The purchase price of the property

3.2.1 The amount to be paid to purchase the **property** and **your** circumstances which enable **you** to repay the balance of the **mortgage debt** from **your** own resources are important to **our** decision to make any **offer**, as such information is a good indicator of both the value of the **property** and **your** creditworthiness.

3.2.2 Accordingly, to the extent **you** are using the **mortgage loan** to buy the **property**:

(a) its purchase price must be the one stated in the **offer** and must not in any way be reduced (for example, because the seller is providing a cashback or some other collateral advantage or because fixtures and fittings or furnishings are included or a reduction is negotiated) nor must any part of the purchase price be left outstanding on **legal completion**. For the avoidance of doubt, **our** prior written consent must be obtained if there is an arrangement like this;

(b) unless **you** have received **our** prior written consent, money used to buy the **property** must come from **your** own resources: the balance must not come from any other loan, whether secured on the **property** or not, nor must it be provided by anyone else in return for any interest in the **property**;

(c) **we** must be told if the **property** is being sold on to **you** by someone who has purchased it within six months prior to **your offer**;

(d) **you** must not be purchasing the **property** as a nominee or **trustee** for anyone else, nor must anyone else be given any option or other right to buy it from **you**; and

(e) if **you** are using money from the sale of another property to finance the purchase of the **property**, **you** must complete the sale of that property before or at the same time as **legal completion**.

3.3 Fees and expenses

3.3.1 **We** may charge **you fees** (including commission) for services to be provided, as detailed in **our tariff of charges**.

3.3.2 **You** will be responsible for all **expenses** reasonably incurred by **us** in connection with the **offer** whether or not the **mortgage loan** is actually granted.

3.4 Prior to completion

3.4.1 **You** must sign a **mortgage deed** giving **us** a first legal charge over the **property** and the **related rights**.

3.4.2 **You** must complete and return to **us** the **direct debit mandate**. This should be done at least 14 days before **you** need the **mortgage loan** to be made because it must be in force at least

two **business days** prior to **us** making the **mortgage loan** available. If **you** fail to complete and return the direct debit mandate in time, **completion** may be delayed at **your** expense.

3.4.3 **You** must take legal advice.

3.4.4 **Your solicitor** must approve the title which **you** have or will have to the **property** and make sure that the requirements set out in the **instructions to solicitors** are met.

3.4.5 Unless otherwise agreed in writing between **you** and **us,** or **we** have entered into a **mortgage priority deed**, the **mortgage security** is the only **security** which is allowed to exist over the **property**.

3.4.6 There must be no arrangement for any existing mortgage to be postponed to **our mortgage security**, or discharged and then, following **completion** of **our mortgage security**, a new charge created in favour of the existing lender.

3.5 **Building's Insurance**

3.5.1 Before **legal completion**, the **property** must be insured by a reputable insurance company against loss and damage.

3.5.2 Subject to **condition** 3.5.4, the insurance policy insuring the **property** must:

(a) be in full force and effect, valid and enforceable;

(b) be a comprehensive index linked insurance policy and be reviewed annually;

(c) insure the **property** for its full reinstatement value (as set out in **our mortgage** valuation) (inclusive of any applicable value added tax). For the avoidance of doubt, the reinstatement value must cover the full cost of rebuilding the **property** (including costs and expenses to be borne in relation to the following activities, as applicable: research into the source of damage, demolition and/or reinstatement of the **property**, construction site clearing and relevant setup, payment of surveyors and any professional fees, compliance with planning permissions and local authority requirements, payment for alternative accommodation and/or for recovery of rent lost during any period of reinstatement). The maximum coverage must be automatically adjusted to reflect changes in building costs;

(d) cover fire, subsidence, heave, aircraft, storm, flood, landslip, explosion, earthquake, impact, bursting/leaking of water tanks or pipers, riot, vandalism, act of malicious damage and any other risks as **we** may from time to time reasonably require;

(e) be on standard commercial terms (and any excess must be reasonable and in any event not more than £1000 for claims for subsidence, landslip, flooding or heave); and

(f) note **our** interest as mortgagee of the **property** on the policy and contain a **mortgagees**' protection clause, protecting **our** interest in the insurance if **you** or anyone else living in the **property** is negligent or by their action (or inaction) otherwise invalidates the insurance policy.

3.5.3 **We** may ask **you** to provide **us** with a copy of the insurance policy referred to in **condition** 3.5.1.

3.5.4 If the **property** is a buy-to-let **property**, the **building's insurance** policy must cover the **property** if it is let or unoccupied.

3.6 **Occupation of the Property**

3.6.1 **You** must have vacant possession of the whole of the **property** (i.e. **you** must ensure that the whole of the **property** is unoccupied) at **legal completion** unless **you** have a **buy-to-let mortgage** and there is a tenant in the **property** at **legal completion,** in which case **you** must have vacant possession except for occupation by that tenant.

3.6.2 **You** must use the **property** as **your** only or main home unless **we** agree otherwise, or the **mortgage** is a **buy-to-let mortgage**,

3.6.3 Anyone who is or will be 17 or over at **legal completion** and who will occupy the **property** (including relatives and children), must sign a **deed of consent**. Any of **you** who signs the **mortgage deed** as a **borrower** does not need to sign an agreement to this effect.

3.7 Valuation

3.7.1 The purpose of any **mortgage** valuation which has been carried out on the **property** on **our** behalf is to help **us** to decide if the **property** is adequate **security** for the repayment of the **mortgage debt**.

3.7.2 The valuation is confidential to **us**. If **you** are shown a copy of any **mortgage** valuation, it is provided to **you** as a courtesy only and **you** must not rely on anything it says in connection with the **property** for **your** own purposes. The fact that **we** may make any **mortgage loan** does not mean that **we** or the valuer are making any promises or guarantees about:

(a) the value of the **property**, or the reasonableness of the price which **you** are paying for it (if **you** are buying the **property**); or

(b) its condition or state of repair or its permitted use.

3.7.3 **We** do not accept any responsibility whatsoever for any valuation of the **property**. The valuer is not **our** agent for the purposes of any valuation or report. The valuer is an independent contractor and **we** do not make any representation that any valuation or report about the **property** is correct in any respect.

3.7.4 In view of the above, **we** strongly recommend that **you** obtain a detailed survey of the **property**.

3.7.5 If the **offer** states that **we** will hold back some of the **mortgage loan** on **completion** until work specified in the **offer** is carried out, that money will not be released until the work has been carried out to **our** reasonable satisfaction or **we** agree in writing to the waiver of this **condition**. **We** will send **you** that money once the work has been carried out to **our** reasonable satisfaction provided that **you** have complied with the terms of the **mortgage** (and that **your monthly payments** are not in arrears). If a reinspection is required, **you** will be required to pay the valuer's reinspection fee in advance of the reinspection.

Properties built or converted in last 10 years

3.7.6 If the **property** is less than 10 years old or has been converted in the last 10 years, it must have the benefit of a home warranty indemnity insurance scheme acceptable to **us** and the construction must have taken place with full planning permission and with local authority supervision.

4 YOUR MORTGAGE

4.1 The mortgage documents

4.1.1 The following documents must be signed by **you** prior to the making of the **mortgage loan**:

(a) a **mortgage application** and **applicant declaration**

(b) the **offer** (which will include the relevant **tariff of charges** and the **instructions to solicitors**); and

(c) the **mortgage deed** (which incorporates these **conditions**).

Each of the documents listed above is deemed to include any relevant amendment which **you** and **we** may agree in writing from time to time.

4.1.2 If there is a conflict or inconsistency between these **conditions** and the **offer**, the **offer** shall prevail.

4.1.3 In addition to the rights **you** and **we** have under any **mortgage document**, **you** and **we** have rights implied by law which may not be stated in the **mortgage documents** but will apply unless they have been excluded or waived.

4.2 **Our security**

4.2.1 Before **completion** can take place **you** must sign the **mortgage deed**.

4.2.2 The **mortgage security** is granted by the **borrower** (or the **guarantor**) for the repayment of the whole and each and every part of the **secured amount**. This means that **we** do not have to discharge the **mortgage deed** after **you** have repaid the amount borrowed by **you**, if **you** have not repaid the rest of the **mortgage debt**.

4.2.3 In order to secure the repayment of the **mortgage debt**, the following rights, interests or assets will be charged to **us** as continuing **security**:

(a) the **property**;
(b) any **receipt**; and
(c) any **related right**;

4.2.4 If **your** interest in the **property** is less than the entire legal and beneficial interest, the **mortgage deed** will charge any estate, right, title, interest, claim and demand that **you** have the power to convey in, to or on, the **property**.

4.2.5 **You** will take any action in respect of the rights set out in **condition** 4.2.3 above which **we** reasonably request. In particular, **you** will sign a document assigning any of these rights absolutely to **us** as **security** for the **secured amount**, if **we** request **you** to.

4.2.6 Section 93 of the **property act** (Restriction on consolidation of mortgages) does not apply to the **mortgage deed**. This means that, if **you** want to repay the **mortgage debt, we** can require **you** also to repay any other debt secured by any other **mortgage you** may have with **us**.

4.2.7 If, on enforcement or realisation of **our security** the net proceeds are not enough to repay all of the **mortgage debt**, the shortfall becomes repayable immediately. **You** must pay the shortfall even if **we** have agreed to discharge **our mortgage security**. Any shortfall will bear **interest** at the **interest rate** until the **mortgage debt** is paid in full. Any **interest** charged will continue to be at the **interest rate** after any court order requiring **you** to pay the whole or any part of any shortfall.

4.2.8 **You** agree, independently of any **security** provided under the **mortgage documents** and any other obligation in the **conditions,** to repay the **mortgage debt** remaining following any sale or realisation of the **property** together with **interest** at the **interest rate**. **Your** obligation under this **condition** 4.2.8 shall become effective only upon the earlier of (i) the sale or realisation of the **property**, the proceeds of the sale or realisation being insufficient to repay the **mortgage debt** and (ii) the expiry of seven days after a written demand for payment expressed to be made under this **condition** 4.2.8.

4.3 **The term**

4.3.1 **We** will not pay the **mortgage loan** (or, if the **initial loan** is payable in instalments, the first relevant instalment) to **you** before the **legal completion** and in any case before **we** are satisfied that all the relevant **conditions** of **your offer** have been satisfied.

4.3.2 If **you** do not keep up repayments on **your mortgage debt, we** have the power to take possession and sell the **property** under the **property act**. These powers will be available to **us** from the date of the **mortgage deed**. However, **we** will only use these powers as set out in these **conditions**.

4.3.3 The **mortgage debt** must be repaid no later than the last day of the **term**.

4.3.4 In addition, notwithstanding any other provision in these **conditions**, **we** have the right to demand the immediate repayment of the **mortgage debt** following the occurrence of an **event of default**.

4.3.5 If, at any time, **you** consider that **you** are, or will be, unable to meet any of **your** obligations (including obligations to make a **payment**) under the **mortgage documents, you** must contact **us** as soon as possible so that **we** can discuss with **you your** options and/or how **we** can resolve the situation (for example, **we** may visit **you** or arrange for a representative of **ours** to visit **you** to discuss **your** financial situation and to discuss proposals to repay any outstanding amounts). **We** will treat **you** fairly at all times and use reasonable efforts to reach an agreement with **you** to address any difficulties which **you** experience in meeting **your** obligations.

4.4 Porting

4.4.1 **Your offer** will specify whether it is possible to port **your mortgage loan** to a different **property**.

4.4.2 If it is possible to port **your mortgage loan**, porting is subject to **us** being satisfied:

(a) that the new **property** creates satisfactory **security**; and

(b) that **you** meet **our** lending criteria applicable at that time, including **your** ability to continue to afford the **monthly payments**.

5 PAYMENTS AND INTERESTS

5.1 Loan and payment terms

5.1.1 **You** agree to make sure the **mortgage debt** is fully repaid with **interest** by the end of the **term**.

5.1.2 **You** agree that **you** have no right of set-off, now or at any time in the future, in respect of the **mortgage debt**.

5.2 Monthly Payments

5.2.1 **You** agree that **payments** will be made through direct debit on **your monthly payment date** and that **you** will not vary or revoke the relevant **direct debit mandate**. If **your monthly payments** are made through direct debit and one of **your monthly payment dates** does not fall on a **business day we** will collect **your monthly payment** on the next **business day**. If **your monthly payments** are not made through direct debit and one of **your monthly payment dates** does not fall on a **business day**, **you** should instead make the **monthly payment** on the **business day** immediately prior to **your monthly payment date.**

5.2.2 The **direct debit mandate** shall authorise **payments** on a monthly basis.

5.2.3 Any money which **you** pay to **us** will be treated as received by **us** only when the relevant amounts are cleared funds and so immediately available to **us** for withdrawal or investment.

5.2.4 **You** must continue to make **monthly payments** until **you** have repaid the **mortgage debt** in full.

5.2.5 **You** agree not to close **your borrower bank account**, without informing **us** in advance and giving to **us** the details of the replacement bank account (which in any case must be in **your** sole name or, if there is more than one of **you**, in the sole name of one of **you** or in **your** joint names).

5.2.6 In relation to a repayment **mortgage**, each **monthly payment**, will comprise, in addition to a portion of **capital**, a portion of **interest** accrued on the **mortgage debt** during the relevant **interest period** and **you** may, depending on the circumstances, be required to pay **fees**, taxes, or any other amount due in accordance with the **offer** and/or these **conditions**, the **mortgage documents** and any applicable law.

5.2.7 If **your mortgage** is an interest-only **mortgage**, **you** will repay the entirety of the **capital** on the last day of the term (unless **you** have made capital repayments during the term of the **mortgage**). This means that during the life of the **mortgage**, **your monthly payments** will be used to pay exclusively interest accrued on **your mortgage account**, **fees**, taxes or any other
amount, other than **capital**, due in accordance with the **offer** and/or these **conditions**, the **mortgage documents** and any applicable law

5.2.8 If the Department for Work and Pensions or any other government or regulatory body at any time is making payment to **us** towards **your monthly payment** and **we** are requested to refund any overpaid amount to such body, **you** must reimburse **us** as soon as reasonably possible to make good any deficit which arises as a result.

5.3 Changes to the monthly payment and the monthly payment date

5.3.1 Although the amount of the initial **monthly payment** is set out in the **offer**, after **completion** **we** may, acting fairly, reasonably and proportionately, change from time to time the amount of the **monthly payment** to take account of the following:

(a) changes to the **interest rate**;
(b) changes to the **mortgage debt** for any reason;
(c) changes to the **term** for any reason;
(d) changes to the **interest period** for any reason;
(e) the withdrawal or granting of any arrangement which **we** have agreed with **you** in relation to the repayment of the **mortgage debt**;
(f) to make sure that the **mortgage debt** is fully repaid with **interest** by the end of the **term**;
(g) changes to the amount of any insurance premium;
(h) changes in any tax relief to which **you** are entitled; and/or
(i) payments of **capital** or outstanding **interest**, **fees**, costs, charges or **expenses** which were not paid when due.

5.3.2 If **we** work out the amount of a new **monthly payment**, **we** will still be entitled to demand payment of any arrears of **monthly payments** and other money which **you** owe at the time of the recalculation. The recalculation will not be a rescheduling of the **mortgage debt** or any part of it, or mean that **we** are agreeing not to take any action which **we** could take under the **mortgage**, unless this is expressly agreed in writing.

5.3.3 **We** will give **you** written notice, at least 15 days in advance of such change taking effect, of any changes to the **monthly payment** (including the amount of the new **monthly payment**).

5.3.4 **We** may, acting fairly, reasonably and proportionately, change the **monthly payment date** to:

(a) reflect technological changes in **our** business;
(b) to enable **us** to harmonise, in a reasonable manner, **monthly payment dates** following any acquisition or **transfer** of mortgages or any takeover or merger with another provider; or
(c) by agreement with **you** in writing.

We will give **you** written notice, at least two **months** in advance of such change taking effect of any changes to the **monthly payment date**.

5.4 Early Repayment

5.4.1 **You** can repay all or part of the **mortgage debt** at any time before the end of the **term** provided **you** pay **us**:

(a) any **early repayment charge** specified in **your offer**, and

(b) any **expenses** that **we** reasonably incur in connection with such early repayment.

5.4.2 Any early repayment amount paid by **you** to **us** will be credited to **your mortgage account** on the day it is received by **us**. The **interest** accrued during the relevant **interest period** in which the early repayment is made will be recalculated and credit will be given for the number of days from **receipt** of the early repayment until the end of the **interest period** in which the early repayment is received. If **you** make an early repayment of £1000 or more, at **your** request, **we** may also recalculate **your monthly payment** with effect from the first **monthly payment date** due to being made more than 15 days after the date of receipt. If **you** make an early repayment of less than £1000 **we** will not recalculate **your monthly payment** following an early repayment.

5.4.3 If **we** exercise **our** right to demand the immediate repayment of the **mortgage debt** in accordance with **condition** 7.1.3, **you** will be required to pay any **early repayment charge** specified in **your offer**, unless **conditions** 7.1.3(d), 7.1.3(e), 7.1.3(f) and 7.1.3(i) apply and **you** are in full compliance with all **your** obligations under the **mortgage documents**

5.5 Interest

5.5.1 We will charge **interest** on the **mortgage debt** outstanding from time to time commencing on the date of **completion** until the **mortgage debt** is repaid in full in accordance with this **condition** 5.6.

5.5.2 The **interest rate** is a yearly rate. **Interest** accrues daily and is debited to the **mortgage account** on the **monthly payment date**. To calculate the interest **we** multiply the amounts owing on the **mortgage account** at the end of each day which is subject to the charging of **interest** by the **interest rate** (expressed as a fraction) and then multiply the result by the number of days in the **interest period** divided by 365. **We** take the number of days in a year as 365 days even if the year in question is a leap year. For the purposes of calculating the **monthly payment**, **we** treat each full **month** as an equal twelfth part of the year. On **your monthly payment date, we** debit the **interest** accrued for each day to the **mortgage account** in that **interest period**.

5.5.3 If the **interest rate** changes during an **interest period**, **we** will recalculate the **interest** using the new rate from the date the change to the **interest rate** takes effect until the end of the **interest period** during which the change takes effect. If the **interest rate** has increased **we** will charge the extra **interest** for such **interest period** to the **mortgage account** in that **interest period**. If the **interest rate** has decreased **we** will credit the excess for such **interest period** to the **mortgage account** in that **interest period**.

5.5.4 **We** may change the method used for calculating **interest** to reflect changes in **our** processes, and any **transferee** may change the method used for calculating **interest** to reflect the **transferee's** procedures. A change in such method must not materially increase **your** obligations.

5.5.5 **We** will send a notice to **you** of any change to the method used for calculating **interest**.

5.5.6 Depending on when **completion** takes place, the **initial interest** may be payable at different times from **your** usual **monthly payment date**. After **completion, we** will write to **you** to tell **you** the **payments you** will need to make. The way **we** calculate when **you** need to pay the **initial interest** is also set out below:

(a) if **completion** occurs on **your monthly payment date** then **you** do not need to pay any **initial interest**. Instead, **your** first **monthly payment** will be on the first **monthly payment date** after **completion**.

For example:

You complete on **your** loan on 1 April. **Your monthly payment date** is the 1st of the **month**. As **your** completion date and **your monthly payment** date are aligned **your** first **monthly payment** will be on 1 May.

(b) if **completion** occurs on a date which is more than 14 days before **your monthly payment date**:

(i) the **initial interest** will be payable on the first **monthly payment date** following **completion**.

For example:

You have chosen a **monthly payment date** of the 26th of each **month**. **You** complete on **your** loan on 6 March. **Your** first **monthly payment date** is on 26 March.

The **initial interest** which is payable in relation to the period from 6 March to 26 March will be payable on 26 March.

(ii) **interest** for each subsequent **interest period** must be paid on or before the **monthly payment date** in that **interest period**.

For example:

in the above case, **interest** for the period from 27 March to 26 April would be payable on or before the **monthly payment date** in April (for example, 26 April) and so on.

(c) if **completion** occurs on a date which is between one and 14 days before **your monthly payment date**

5.5.7 the **initial interest** must be paid on or before the <u>second</u> **monthly payment date** after completion.

For example:

You have chosen a **monthly payment date** of the 10th of each **month**. **You** complete on **your** loan on 6 March. **Your** first **monthly payment date** is on 10 March. **Your** second **monthly payment date** is on 10 April.

You do not need to pay anything on **your** first **monthly payment date**.

On **your** second **monthly payment date** (10 April) **you** will need to pay: (a) the **initial interest** for the period from 6 March to 10 March; and (b) **your monthly payment** for the period from 11 March to 10 April.

5.5.8 **interest** for each subsequent **interest period** must be paid on or before the **monthly payment date** in that **interest period**.

For example:

in the above case, **interest** for the period from 11 April to 10 May would be payable on or before the **monthly payment date** in May (for example, 10 May) and so on.

5.6 Any **interest** which is not paid by the end of the **interest period** in which it accrued will bear **interest** at the **interest rate** from the end of that **interest period** until it is paid and will be part of the **mortgage debt**.

6 If **you** fail to pay any other money which is owed to **us** in connection with the **mortgage** when **you** are obliged to, **we** will also charge **interest** at the **interest rate** on such other money from the date on which **you** should have paid it until it is paid.

7 **We** will continue to charge **interest** at the **interest rate** after any court order requiring **you** to pay the whole or any part of the **mortgage debt**.

8 **We** can charge **interest** in advance or in arrears. **We** currently charge **interest** in arrears. **We** may, giving **you** notice, and acting fairly, reasonably and proportionately, change to charging **interest** in advance for any of the following reasons:

8.5 to allow **us** to pay money **we** owe to third parties;

8.6 to accommodate changes in technology; and

8.7 to enable **us** to harmonise, in a reasonable manner, the way that **interest** is charged following any acquisition or **transfer** of mortgages or any takeover or merger with another provider.:

(i) Fixed interest rate

The type of **interest rate** which applies to your **mortgage** will be set out in your **offer**. The **interest rate** you pay may be fixed or variable.

If the **interest rate** is fixed then your **offer** will tell you how long **your** fixed **interest rate** will last for. Once that period comes to an end then **your interest rate** will be set by reference to the **standard variable rate** plus a **margin** (as notified to **you** in your **offer** or otherwise in writing) unless we have agreed an alternative arrangement with **you**.

5.6 **Changes to the standard variable rate**

5.7.1 If the **interest rate** is set by reference to the **standard variable rate**, **we** may, acting fairly, reasonably and proportionately, vary the **standard variable rate** for any of the following reasons:

(a) to enable **us** to respond to a change which has occurred, or which **we** reasonably expect to occur, in the cost of funds **we** use in **our** lending business or to fund **your mortgage loan**;

(b) to enable **us** to respond to a change which has happened, or which **we** reasonably believe is about to happen in the **Bank of England base rate** or **LIBOR** or **interest rates** generally; or

(c) to reflect a change in the law, regulatory requirements (including a recommendation by an ombudsman or other similar body), any relevant code of practice, general industry practice or a decision by a court.

5.7.2 **We** will give **you** notice of any change in the **standard variable rate** at least 15 days in advance.

5.7.3 **Your monthly payment** will be recalculated following a change in the **standard variable rate** with effect from the first **monthly payment date** following the change (or if the change occurs within 15 days of that first **monthly payment date**, with effect from the second **monthly payment date** following the change). **We** will give **you** notice of the change in your **monthly payment** in accordance with **condition** 5.3.3.

5.7.4 The **margin** which is added to the **standard variable rate** will stay the same for the whole of the **term**.

5.7 **Changes to LIBOR linked rate**

5.8.1 If the **interest rate** is **LIBOR** and a **margin**, the **interest rate** for any **rate period** will be the rate calculated under the definition of **LIBOR** and the **margin** for the whole of that **rate period**. It will change automatically to reflect any changes in **LIBOR** at the beginning of each **rate period**. Any change will take effect immediately.

5.8.2 We will give **you** notice of any change in **LIBOR**, at the beginning of any rate period, but only after the change has been made.

5.8.3 **Your monthly payment** will be recalculated following a change in **LIBOR** with effect from the first **monthly payment date** following the change (or if the change occurs within 15 days of that first **monthly payment date**, with effect from the second **monthly payment date** following the change). **We** will give **you** notice of the change in your **monthly payment** in accordance with **condition** 5.3.3.

5.8.4 The **margin** which is added to **LIBOR** will stay the same for the whole of the **term**.

5.8.5 If and whilst **LIBOR** is less than 0.01%, it will be treated as 0.01% for the purposes of the **mortgage**.

5.8 **Changes to the Bank of England base rate linked rate**

5.9.1 If the **interest rate** is the **Bank of England base rate** and a **margin**, it will change automatically to reflect changes in the **Bank of England base rate**. Any change will take effect immediately.

5.9.2 **We** will give **you** notice of any change in the **Bank of England base rate** within a **month** of the change happening.

5.9.3 **Your monthly payment** will be recalculated following a change in the **Bank of England base rate** with effect from the first **monthly payment date** following the change (or if the change occurs within 15 days of that first **monthly payment date**, with effect from the second **monthly payment date** following the change). **We** will give **you** notice of the change in your **monthly payment** in accordance with **condition** 5.3.3.

5.9.4 The **margin** which is added to the **Bank of England base rate** will stay the same for the whole of the **term**.

5.9.5 If and whilst the **Bank of England base rate** is less than 0.01%, it will be treated as 0.01% for the purposes of the **mortgage**.

5.9 **Changes to the interest period**

5.10.1 **We** may, acting fairly, reasonably and proportionately, change the day on which an **interest period** begins and/or ends at any time for any of the following reasons:

(a) to allow **us** to pay money **we** owe to third parties;

(b) to accommodate changes in technology; or

(c) to enable **us** to harmonise, in a reasonable manner, **interest periods** following any acquisition or **transfer** of mortgages or any takeover or merger with another provider.

5.10.2 **We** will give **you** notice of any change to the day on which an **interest period** begins and/or ends at least one **month** in advance of the change taking effect.

5.10 **Expenses**

5.11.1 **You** will pay **us** any **expenses** which **we** reasonably incur in connection with the **mortgage** when **we** ask for them.

5.11.2 If **we** have to pay any **expenses** to third parties, **we** will try to give **you** notice of the amount of the **expenses**, the nature of the service supplied by the third party and the date on which **we** have to pay the **expenses** within a reasonable time after **we** incur those **expenses**.

5.11.3 All **expenses** will be charged to the **mortgage account** and form part of the **mortgage debt**. **We** will give **you** notice of the amount of such **expenses**. We reserve the right to charge **interest** on such **expenses** at the **interest rate** from the date on which such **expenses** are charged to **your mortgage account** until the **expenses** are paid.

5.11.4 **We** may, acting fairly, reasonably and proportionately, change **our tariff of charges** by:

(a) adding or removing items and associated **fees** to reflect the nature of the work which **we** do; and

(b) proportionately changing the amount of any **fee** to reflect changes in the cost of doing the work or the value of money.

5.11.5 **We** will give **you** one **month's** prior written notice of any changes to **our tariff of charges**.

5.11.6 **We** will give **you** a copy of **our** current **tariff of charges** at any time on request. We will also send **you** a copy of **our tariff of charges** every year if there have been changes to it.

6 MORTGAGE AND PROPERTY CONDITIONS

6.1 Borrower covenants

6.1.1 **You** must at all times comply with the obligations contained or implied in the **mortgage documents** (which for the avoidance of doubt includes the **mortgage deed**, into which the **offer** and these **conditions** are incorporated).

6.1.2 **You** will bear the cost of complying with any obligation arising from the covenants and undertakings set out in this **condition** 6.

6.1.3 Without prejudice to any rights and remedies provided to **us** under any of the **mortgage documents**, if **you** do not comply with any provision in this **condition** 6, **we** can do (or procure the doing of) anything which **you** should have done on **your** behalf. In such case, **you** will be responsible for any **expenses we** reasonably incur and **you** may also be charged a **fee** for this, as detailed in the **tariff of charges**.

6.1.4 **You** must make sure that all **payments** to **us** are made on time and in full.

6.1.5 **You** must let **us** know if **you** acquire:

(a) a new or increased interest in the **property**; or

(b) the freehold of the **property** or the building of which the **property** is a part, or any shares or membership rights in any entity which owns such freehold,

and if **we** ask for one, **you** must grant **us security** over such new or increased interest in the **property**. **You** agree to give **us your** share certificate or membership certificate when **we** ask for it and allow this to be transferred to **us** so that, if **we** need to repossess the **property** and/or sell it, pursuant to the **mortgage documents**, **we** can transfer **your** shares or membership to the relevant buyer.

6.1.6 **You** must comply with any restrictions mentioned in the **property's** title deeds, **lease** and any planning laws, by-laws and building regulations that apply to the **property** (such as restrictions or regulations that limit what the **property** can be used for, or that limit the changes or alteration that **you** can make to the **property**).

6.1.7 Upon **our** request, **you** must give **us** any satisfactory written evidence of **your** income (including future pension arrangements) and outgoings in order to assess **your** ability to repay the **mortgage debt**.

6.1.8 Should the **mortgage security** be released before the **mortgage debt** is fully paid off, **you** will hold the relevant rights on trust for **us.**

6.1.9 If **we** are obliged for any reason to comply with any "Know Your Customer" or similar identification procedures in circumstances where the necessary documentation is not already available to **us**, **you,** upon **our** request, shall promptly supply, or procure the supply of, any documentation or other evidence as it is reasonably requested in order for **us** to carry the relevant identification procedures.

6.1.10 Before buying the **property you** must produce evidence that all applicable provisions of Part 1 of the Landlord and Tenant Act 1987 and the Housing Act 1996 have been complied with by the seller and/or **you**, as appropriate.

6.1.11 If **you** have any right to bring court proceedings against any person in connection with the **property**, **you** will let **us** know about such circumstance before taking any legal action and in any case **you** will take such actions **we** may reasonably require **you** to take upon request.

6.1.12 **You** must let **us** know as soon as possible if **your** financial circumstances change, or if **you** are having difficulty meeting **your monthly payments** or any other **payment you** owe **us**.

6.1.13 **You** must not use the **property** or allow that it is used, for any immoral or illegal purpose.

6.2 **Property Covenants: occupation of the property**

6.2.1 Unless **you** have a **buy-to-let mortgage** or **our** prior written consent:

- **(a)** after **completion you** must live in and use the **property** for residential use as **your** permanent home and main address;
- **(b)** **you** must let **us** know if the **property** is or is going to be left unoccupied for 28 or more consecutive days;
- **(c)** **you** must not:
  - **(i)** lease, rent, sub-let or agree to lease, rent or sub-let the **property** or any part of it (and any right **you** have under the **property act** to grant **leases** does not apply);
  - **(ii)** share or part with possession of the **property** or allow any other adults (aged 17 or over) to live in the **property** or allow them to acquire any right or interest in the **property** or the right to occupy it unless a **deed of consent** has been signed by such person, pursuant to **condition** 3.6.3.

6.2.2 With respect to a **buy-to-let mortgage,** the **property** must be let within three **months** of **completion** and no one can occupy it before it is let pursuant to these **conditions** (including **condition** 3.6 and the **offer**).

6.2.3 If **you** let or **lease** all or any part of the **property** (either in the case of a **buy-to-let mortgage** or having obtained **our** prior written consent pursuant to **condition** 6.2.1):

- **(a)** **you** must do whatever is legally necessary to ensure that **your** tenants carry out their obligations under the tenancy agreement;
- **(b)** **you** must not extend or surrender the **lease** or tenancy, or agree to any of the terms being changed unless **you** have **our** prior written consent (and any right **you** have under the **property act** to surrender **leases** does not apply);
- **(c)** any letting must be an **assured shorthold tenancy** for a term not exceeding twelve **months** (and **month** to **month** thereafter). If the tenancy agreement was entered into before 1 March 1997, **you** must ensure that **your solicitor** produces to **us** or **our solicitor** valid notices served under Section 20 of the Housing Act 1988 before the tenancy was created together with a copy of the tenancy agreement;
- **(d)** references about ability of tenants to pay rent and character must be obtained for the proposed tenant(s) and must be made available in case **we** ask for them;
- **(e)** **you** must get **our** prior approval (not to be unreasonably withheld) to the form of the tenancy agreement and in any case the tenancy agreement must be in a form normally used for residential agreements and must contain no terms which can adversely affect **our** interest as **mortgagee**;
- **(f)** no tenancy agreement can allow the tenant to sub-let the **property** in full or in part;
- **(g)** save for **buy-to-let mortgages**, **you** agree that in order to reflect both the changed nature of the lending and the additional lending risk, it is reasonable for **us** to increase the **interest rate** by up to 2% or a lower value which would bring the applied **interest rate** to the rate that Bluestone would apply to a similar borrower under a **buy-to-let mortgage** in similar circumstances at the time **you** let or lease the **property**, provided that such increase does not affect any other rights that **we** have in relation to the **mortgage**.

(h) The following are unacceptable as tenants for the **property** unless otherwise agreed with **us** in writing:
  (i) members of **your** family or of the family of **your** partner;
  (ii) DWP (Department for Work and Pensions) tenants;
  (iii) DSS (Department of Social Security) tenants;
  (iv) local authority tenants;
  (v) housing association tenants;
  (vi) people who could claim diplomatic immunity;
  (vii) tenants who are not individuals (such as a company tenant); or
  (viii) multiple tenancies.

6.2.4 If at any time **you** let the **property**, in breach of these **conditions**, **we** may, without affecting any other right that **we** have under the **mortgage**, demand that **you** immediately repay the **mortgage loan** and/or increase the **interest rate** pursuant to **condition** 6.2.3(g) above.

6.2.5 Unless **you** have **our** prior written consent:
(a) **you** must not sell the **property**, create or allow to exist any, **security** over the **property** other than the **mortgage security** nor create any option or other rights relating to the **property**; and
(b) the **property** must be used for residential purposes only (and for the avoidance of doubt it must not be used for agricultural or business purposes, nor must it be subject to any agricultural restrictions).

6.3 **Property Covenants: Looking after the property**

6.3.1 **You** agree that:
(a) **you** will keep the **property** and all its fixtures (including the utilities and heating system) in good repair and condition to **our** reasonable satisfaction;
(b) **you** will complete any unfinished work on the **property** as soon as possible and to a high standard;
(c) **you** will not neglect or damage the **property** or do anything else which might reduce its value;
(d) **you** will not do anything on the **property** which may prejudicially affect any insurance or which may increase the premium payable for any such insurance, unless **you** have obtained **our** prior written consent;
(e) if **you** or anyone else removes a fixture, **you** will immediately replace it with one of the same or greater value and quality (and **our** rights and interest as **mortgagee** will apply to any replacement fixtures);
(f) **you** will allow **our** staff or appointed representatives to have access to the **property** at any reasonable time and on reasonable notice to inspect it or to carry out work which **we** have requested **you** to do in order to comply with **your** obligations under these **conditions**, and which **you** have failed to do within a reasonable time;
(g) if **you** receive any orders, notices or proposals about the **property** (for example, a notice from a local planning authority, a remediation notice under the Environmental Protection Act 1990 or a notice from any other public agency or **your** landlord) **you** will send **us** a copy within 14 days and at **your** own cost, **you** must either:
  (i) take all reasonable steps to comply with the notice; or
  (ii) if **we** reasonably think it is necessary, join with **us** in objecting to it;
(h) **you** will comply with all covenants, regulations, stipulations and laws which affect the **property** or its use (and **you** agree that **you** will not knowingly cause or allow the **property** to become contaminated land under Part II of the Environmental Protection Act 1990);
(i) **you** will obtain and maintain all licences and authorisations which may be required by any competent authority (including but not limited to licences and authorisations which may be required by reason of the **property** being a **house in multiple occupation**) and supply a copy thereof promptly upon **our** request;

(j) **you** will pay all taxes, rates, rents and other money which are the responsibility of the owner of the **property** or procure the payment of those which are the responsibility of the occupier(s) of the **property** (or where the **property** is a leasehold, the lessee under the **lease**) due in connection with the **property** on time and produce evidence of any relevant payment to **us** promptly upon **our** request;

(k) **you** will give **us** any information about the **property** that **we** reasonably ask for;

(l) if **you** are sent any of the title deeds (or other documents of title) relating to the **property**, **you** will store them in a safe place and forward them to **us** upon **our** request (provided that then **we** will be entitled to retain and hold them until the **mortgage deed** is released);

(m) if there is a **lease** or tenancy or any other agreement affecting the **property**, now or at any time in the future, **you** will comply with all the terms of that agreement; and

(n) if the **property** is leasehold:

- (i) the term left to run on the **lease** must be at least 30 years following the date of envisaged repayment of the **mortgage debt;**
- (ii) **you** will pay the rent due under the **lease** on time;
- (iii) **you** will comply with all the tenant's obligations under the **lease**;
- (iv) **you** will send **us** a copy of any notice which **you** give under the Leasehold Reform Act 1967 or under the Leasehold Reform and Urban Development Act 1993;
- (v) the **lease** must not contain a clause stating that it can be terminated as a result of the fact that **you** are (or anyone guaranteeing **your** responsibilities is) bankrupt or insolvent;
- (vi) **you** or **your** landlord must not be or have been in breach of any of **your** respective responsibilities under the **lease**;
- (vii) there must be no restrictions on transferring the **property** or the **lease**;
- (viii) the **lease** must not contain any clause that may result in an increase in ground rent by more than 50% during any five year period;
- (ix) there must be adequate arrangements in the **lease** for maintaining and repairing the **property** or any land or building that includes the **property** (including clauses enabling enforcement of responsibilities and for recovery of financial contributions from each leaseholder);
- (x) all necessary rights of way connected with access, support and maintenance must be granted;
- (xi) **you** will not surrender the **lease**, agree to changes in the terms or do anything to cause any **lease** or agreement for **lease** of the **property** to be liable to forfeiture, and if the term of the **lease** of the **property** is extended or if **you** acquire the freehold of the **property**, **you** will sign a new **mortgage deed** (which shall incorporate these **conditions**) giving **us** a legal charge over the extended term or the freehold interest if **we** ask **you** to do so; and
- (xii) **you** will inform **us** of any proposal to convert the leasehold title to commonhold.

6.3.2 **You** agree not to do any of the following without first obtaining **our** written consent:

(a) make any structural or material alteration to the **property**, make or continue any change in use of the **property**, or allow anything to be done at the **property** which is treated as a development under planning legislation (and in these circumstances, **we** will not provide **our** consent until **you** have obtained the approval of the local planning authority necessary) and **you** agree that if **you** obtain **our** consent and start the building work, **you** will carry out and complete the building work to a high standard and without delay;

(b) apply to a local authority or any other public organisation for any improvement or other grant;

(c) do anything which might render the **property** subject to a statutory charge;

(d) allow any person other than **you** to be registered as the proprietor of the **property** or grant any other interest in the **property** or any rights over it; or

(e) use any part of the **property** for any commercial purpose or allow the **property** to be used for anything other than residential occupation.

6.4 Insurance Covenants

6.4.1 Unless the **property** is commonhold or held under a **lease** and another person is obliged to insure the **property**, **you** undertake to insure and maintain, or procure the maintenance of, an insurance policy covering (i) the **property** and its fixtures against any risk of loss and damage pursuant to **condition** 3.5, and (ii) the **borrower**'s public liability including, but not limited to, liability under the Defective Premises Act 1972.

6.4.2 In particular **you** undertake to timely pay or arrange for someone to pay the insurance premiums so that the insurance policy referred above is fully in force during the **term**.

6.4.3 **You** undertake to promptly send to **us**, upon **our** request, a copy of the insurance policy pursuant to **condition** 3.5, (i) a copy of the latest renewal schedule or (ii) any receipts for **your** premium payments.

6.4.4 If during the **term your** insurance cover is rearranged with another insurer or under a different policy (which is not arranged by **us**) the requirements of **condition** 3.5.2 must still be met, and **condition** 3.5.3 will apply to the new policy.

6.4.5 If **you** do not arrange insurance for the **property we** may (but will not be obliged to) arrange insurance cover at **your** expense through an agency of **our** choice (provided that **we** will have no obligation or liability to **you** for the adequacy of any insurance arranged by **us** for keeping the **property** insured) provided that:

(a) **we** may arrange cover on **our** block **building's insurance** policy (where **you** may claim for insurable events) or on a **lender**'s interest only policy (where only **we** may claim for insurable events) and **we** will decide on the amount of cover and risks to be insured and need not make sure that the cover is adequate for **your** purposes;

(b) if the **property** is being built or altered, **we** will arrange limited cover and full cover will be put in place once **we** are satisfied that the **property** is completed or the alterations have been carried out;

(c) **you** may ask **us** in writing for increased cover or extra risks to be insured. If such cover is available, **we** will insure the **property** for the increased amount and/or against the extra risks as soon as possible. **We** may allow **you** to arrange insurance for the increased amount of cover and/or insure against extra risks where **we** are not able to provide this for **you**. If **we** consent to this, **we** must first consent to **your** choice of insurer and the terms of the insurance policy, and will charge the **fee** set out in **our tariff of charges** for doing so;

(d) **you** will not affect or maintain any other insurance for the **property** without **our** consent; and

(e) **we** will charge the premiums to the **mortgage account** and therefore such premiums will form part of the **mortgage debt** (and consequently the relevant amount will bear **interest** at the **interest rate**). Each month's premium will be collected together with the **monthly payments** every **monthly payment date** (and will continue to do so on any renewal of the policy unless **you** tell **us** otherwise). A full **month's** premium will be collected for the **month** in which **completion** takes place.

6.4.6 **We** reserve the right to take over the (re)arrangement of **your** insurance of the **property** at any time if (i) **we** consider that the amount or type of cover **you** set up is inadequate, (ii) the policy is cancelled or lapses or (iii) **you** do not send to **us** a copy of the latest policy and receipts for premium payments within 21 days of a request from **us** to **you** to do so.

6.4.7 If the **property** is held under a **lease** and another party is obliged to insure the **property**, **you** do not have to arrange **your** own separate cover but, unless otherwise agreed with **us** in writing, **you** are responsible for ensuring:

(a) the cover is for a value being at least equal to the one calculated pursuant to **condition** 3.5.2(c);

(b) the cover includes the risks set out in **condition** 3.5.2(d);

(c) the cover is for the whole building of which the **property** is part;

(d) any money claimed under the policy will be used to restore the building and fixtures;

(e) the policyholder is responsible for seeing that the insurance is adequate; the policy mentions **your** rights and **our** rights as **mortgagee** of the **property** and that **our** interest is specifically noted on the policy; and

(f) if **we** ask for them, **you** can show **us** a copy of the policy and evidence that the premiums are paid up to date.

6.4.8 Should any damage happen to the **property** which may give rise to a claim under the insurance policy, **you** must immediately (i) contact the insurance company in order to raise the relevant claim and (ii) send **us** a notice pursuant to **condition** 2.6 providing details in relation to the damage and the consequences for the **property**. In case the **property** is let, **you** must make sure that the tenant is aware of any conditions made by the insurance
company and that the tenant(s) comply(ies) with this **condition** 6.4.8.

6.4.9 **You** must not (and in case the **property** is let, **you** must make sure that (each) tenant does not) do anything that could make it materially more difficult or expensive to keep the **property** insured or that could make the insurance invalid.

6.4.10 Any money **you** receive from any insurance claim affecting the **property** will be held by **you** on trust for **us** and separate from **your** own personal funds. However, **we** agree that all monies which either **you** or **we** receive under an insurance policy of the **property** are to be used at **your** option either:

(a) to make good any damage or loss for which the money was received; or

(b) to repay all or any part of the **mortgage debt**.

6.4.11 **You** must not negotiate or settle any cash or other claim with the insurance company without **our** prior written approval. Any settlement negotiated with the insurance company, in any case, must require the insurer to pay any cash settlement to the **lender**.

6.4.12 **We** will be entitled to settle and adjust all claims with the insurers regardless of whether the insurance is arranged by **us** or is independent insurance but **we** will act reasonably in doing so.

6.5 **Life Insurance**

6.5.1 **You** are responsible for ensuring that **you** can repay the **mortgage debt** if **you** die. **We** therefore strongly recommend that adequate life cover is arranged to ensure that the **mortgage debt** can be repaid if this happens.

6.5.2 If the **term** is envisaged, before or after **completion,** falling beyond the day on which **you** (or any of **you**) retire(s), **you** undertake to promptly inform **us** in writing about such circumstances. In these circumstances **we** may require **you** to take out an appropriate life insurance policy.

7 OUR RIGHTS AND REMEDIES

7.1 General information

7.1.1 If **you** fail to make **your payments** or do not comply with other obligations under these **conditions**, **we** may ask a court for an order so that **we** can take possession and sell the **property** under the **property act** at the best price **we** reasonably can in all the circumstances (provided that any statutory restriction on **our** power to sell will not apply). These powers will be available to **us** from the date of the **mortgage deed**. However, **we** will only use these powers as set out in these **conditions**.

7.1.2 Subject to **condition** 7.1.3, the **mortgage debt** must be repaid no later than the last day of the **term**.

7.1.3 In addition, no matter what any other **condition** says, **we** have the right to demand the immediate repayment of the **mortgage debt** in any of the following circumstances (each an **event of default**):

(a) **you** fail to pay two **monthly payments** or more when they are due unless (i) **you** have made the **monthly payments** within a reasonable time of **us** asking **you** to do it, or (ii) **you** have made an arrangement in writing with **us** for the repayment of such **monthly payments** and are meeting all the obligations under such arrangement;

(b) **you** fail to pay any other amount which **you** owe to **us** in relation to the **mortgage debt** within one **month** of it becoming due;

(c) **you** do not keep to any of **your** obligations under these **conditions** other than to pay money to **us** (including, by way of example, any breach of any covenant set out in **condition** 6) and **we** reasonably consider that this puts **our** interests in the **property** or under the **mortgage** or under the **conditions** at risk in a material way;

(d) the whole of the **property** is compulsorily purchased or officially requisitioned or if any part of the **property** is compulsorily purchased or officially requisitioned and in **our** reasonable opinion or that of **our** agents, the value of **our security** is materially lowered;

(e) the **property** or any part of it is damaged and in **our** reasonable opinion or that of **our** agents the value of **our security** is materially lowered;

(f) **you** or any **guarantor** becomes bankrupt, a bankruptcy petition or other insolvency proceedings are brought against **you**, **you** enter into any compromise or arrangement with all or any class of **your** creditors, any judgment is enforced against **you**, or **you** appear in any other way to be unable to pay **your** debts as they fall due;

(g) **we** have reasonable grounds to believe that any information given to **us** about **you**, the **guarantor** or the **property** is untrue or misleading to a significant extent or **we** become aware of any misrepresentation in, or omission from, any information supplied to **us** about **you**, the **guarantor** or the **property** either before or after **completion** and that information has had or would have had a material effect on **our** decision to lend or to continue to lend to **you** or in any case the **mortgage loan** (in full or in part) has been obtained as a result of fraud (or of a misrepresentation in respect of the value of the **property**);

(h) a **mortgagee** or other person interested in the **property** takes proceedings for possession or to realise their interest in it or otherwise enforce their interest;

(i) **you** die or, where there is more than one of **you**, the last one of **you** dies (and in this sub-paragraph (i), "**you**" does not include **your** personal representatives);

(j) **you** give possession of the **property** to **us** or if **you** abandon the **property**;

(k) **you** are a leaseholder and receive a notice under section 146 of the **property act** (Restrictions on and relief against forfeiture of leases and underleases) to take action to cure a breach of the **lease** and **you** fail to cure it;

(l) the **mortgage deed** turns out to be not registered, invalid, unenforceable or not legally binding for any reason (or any relevant provision becomes disputed, void, voidable, invalid or unenforceable) and **you** have unreasonably failed to help **us** to arrange for it to be registered, made valid or legally binding or, alternatively, for an equivalent **security** to be created over the **property** or any other asset that could secure **our** interests;

(m) the **borrower** being a company (or where the **borrower** is a limited company, any **borrower group company**) defaults under any loan agreement, **guarantee**, debenture, trust deed or other document or obligation relating to a **borrowing**;

(n) the **borrower** being a company, takes any actions, proceedings, procedures or steps for the cessation or disposal of all, or substantial part, of its business, or there is a threat to do so;

(o) the **borrower** suffers any distress, attachment, sequestration or execution to be levied on the **property** or other of the **borrower**'s assets;

(p) the value of the **property** is, in the **lender'**s opinion, less than the **mortgage debt**;

(q) **we** have reasonable grounds to believe or become aware of the fact that **you** are paying the **mortgage debt** with the proceeds of a crime; and/or

(r) **you** breach any material obligation under the terms of **your mortgage** and **you** have failed to remedy the breach within a reasonable time of **us** requesting **you** to do so.

7.2 Our rights in case of an event of default

7.2.1 Once an **event of default** has occurred, **we** may take any one or more of the actions detailed in this **condition**:

(a) **we** may require **you** to leave the **property** so that **we** may take possession or, if the **property** is let, **we** may collect the rent;

(b) **we** may sell, agree to sell or grant an option over the **property** and any other **security** for the **mortgage debt** on any terms **we** reasonably decide using the power of sale conferred by the **property act** as varied by these **conditions** (the restrictions on the power of sale in Section 103 of that **property act** will not apply);

(c) **we** may use all or part of the **mortgage property** as **security** to borrow money or for other purposes;

(d) **we** may vary the terms of, end, renew or accept surrenders of **leases** or tenancies of the **property**:

(i) with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;

(ii) with any rights relating to other parts of the **property**;

(iii) containing any covenants on the part of **us** or anyone else; and

(iv) generally on terms which **we** in **our** sole discretion think fit, (and the restrictions on surrendering **leases** in section 100 of the **property act** do not apply to **us**);

(e) **we** may make any arrangements or compromises which **we** think fit about any **lease** of the **property**, any other **security** for the **mortgage debt**, any covenants, **conditions** or restrictions relating to the **property** or anything else;

(f) **we** may grant or agree to grant a **lease** or tenancy of the whole or any part of the **property** on whatever terms **we** decide (and the restrictions on granting **leases** in Section 99 of the **property act** do not apply to **us**) whether in **our** name or in **your** name including selling a **lease** at a discount or at a premium;

(g) **we** may exercise all the other powers conferred on **mortgagees** by the **property act**;

(h) **we** may do anything that **you** are entitled to do as owner of the **property** (including making any exchange or arrangement which is needed to fix the boundaries of the **property** or settle a boundary dispute);

(i) **we** may enter the **property** at any reasonable time (without accepting the legal responsibilities of a **mortgagee** in possession);

(j) **we** may repair, alter or improve the **property**;

(k) **we** may provide (or arrange for someone to provide) goods and services to the tenant(s);

(l) **we** may carry out building work at the **property** and apply for any planning permission or other consents which are needed for that purpose;

(m) **we** may appoint, employ, pay and dismiss staff, contractors and agents;

(n) **we** may make payments on **your** behalf (whether by way of payment of rent or service charges or monies payable under a **lease** or otherwise);

(o) if the **property** is leasehold, **we** may change the terms of the **lease** with the landlord, or surrender it, and/or arrange a new **lease**. If **we** agree to a new **lease**, **our security** for the **mortgage debt** will automatically transfer to the new **lease** and **we** or the **receiver** may arrange whatever formal legal charge on it that **we** require;

(p) **we** may take any proceedings, make any claims or assessments or serve any official notices, giving receipts, waivers or releases in connection with the **property** (in **your** name or otherwise) as may seem expedient and claim and receive any compensation due on the **property**;

(q) **we** may sell any of the charged fixtures on their own or together with the **property**;

(r) as **your** agent, **we** may remove, store, sell, rent or in any other way deal with, dispose of or (where such sale or other disposal is not commercially viable) destroy any of **your** furniture, goods or other possessions or those of any other person staying in the **property** after **we** have given reasonable written notice to **you** requiring them to be removed from the **property** within a reasonable period. **We** will not be responsible for any loss or damage caused by exercising this power. **You** must reimburse **us** for all **our** reasonable **expenses** in dealing with **your** furniture and goods. **We** will account to **you** for the net proceeds of any sale of **your** furniture or goods, (having deducted any **expenses** which **we** incur);

(s) **we** may insure the **property** at **your** expense pursuant to **conditions** 6.4.5 and/or 6.4.6. **We** will give notice to **you** that **we** are insuring the **property** as soon as reasonably practical, pursuant to **condition** 2.6. **We** will not insure any possessions or contents which **you** leave in the **property**. **We** will have no obligation or liability to **you** for the adequacy of any insurance arranged by **us** or for keeping the **property** insured. **We** will charge the insurance premiums to the **mortgage account** on the date on which they are incurred and such premiums will form part of the **mortgage debt**. **We** will charge **interest** on the premiums from the date on which they are charged to the **mortgage account** at the **interest rate**;

(t) if the **property** has been mortgaged in a way that gives someone else a first claim on it, or someone has an interest in it ahead of the **mortgage security we** have the right to buy out the other person's right. **We** may do so at any time (i) after giving **you** notice to demand that **you** pay the debt or (ii) as soon as any powers under the claim or interests have come into force. **You** will be fully bound by any arrangement **we** reach with the other person. Any money **we** have reasonably spent on buying out that other person's right is deemed to be an **expense**;

(u) **we** may exercise any right and carry out any activity **you** have in connection with road-making, the payment of road charges, private streets, improvements or drainage expenses or any payment indemnity for those charges or expenses in respect of the **property**; and

(v) **we** may by 14 **business days** prior written notice, require **you** to pay an amount necessary to reduce the outstanding **mortgage debt** to the level at which, in the reasonable opinion of the **lender**, it is adequately secured by the **property**.

7.2.2 If **we** take possession of the **property**, **we** do not have to account to **you** for any money which may be due that **we** do not actually receive.

7.3 Appointment of receivers

7.3.1 At any time after **we** have demanded payment of any of the **mortgage debt** following an **event of default** or after **you** break any of the terms of any **mortgage document**, **we** may appoint in writing one or more people (whether or not one of **our** employees or anyone else **we** choose) to be a **receiver** of:

(a) all or any part of the **property**;

(b) all or any part of any other properties which are owned by **you** and subject to a **mortgage** to **us** (even if **you** are not in default under the terms of that other **mortgage**); and

(c) any other **security** for the **mortgage debt**.

7.3.2 Where **we** appoint more than one **receiver** they may be given power to act either together or on their own.

We may, from time to time, agree the charges of any **receiver** and may remove the **receiver** and appoint someone else at **our** reasonable discretion.

The **receiver** shall (so far as the law allows) act as **your** agent. **You** alone will be responsible for anything which the **receiver** does or fails to do as an agent acting on **your** behalf.

A **receiver** will have and will be entitled to exercise all powers given to a **receiver** by the **property act** and all powers given to **us** by these **conditions**. The **receiver** shall also be entitled in **your** name and on **your** behalf to exercise in relation to the **property** and any other **security** for the **mortgage debt** all the powers of an absolute beneficial owner.

Once **we** have taken possession of the **property**, **we** or the **receiver** have the power to give up possession temporarily or permanently at any time. Entering into possession of the **property** shall not render **us** or any **receiver** liable to account as mortgagee and if and so often as **we** or any **receiver** enters into possession of the **property**, **we** or any **receiver** shall be entitled at any time to go out of possession. Without prejudice to **condition** 7.2.1(i) when **we** or any **receiver** receive(s) and/or is/are in possession of the rents of the **property,** if the **property** contains **your** furnishing or other assets, any rent received will be deemed to be apportioned only in respect of the sole **property**.

Any money received by the **receiver** in the exercise of his powers under the **mortgage** and under general law shall be applied to any claims ranking in priority to **ours** and in so far as the law allows) as follows:

(a) in the payment of claims which have priority to the **mortgage**;

(b) in the payment of the costs, charges and **expenses** relating to his appointment and the exercise of all or any of his powers;

(c) in the remuneration of the **receiver**;

(d) in repayment of the accrued **interests**, and

(e) in repayment of the balance of the **mortgage loan** paid most recently to **you** (which means that **further loans** are repaid before the **initial loans**) and any other sum due for the repayment of the **mortgage debt**.

Any balance shall be paid to the person entitled to it. Section 109(6) and (8) of **property act** (relating to the fees of a **receiver**) shall not apply.

The **receiver** will not be bound to use the money he receives to pay off **interest** before **capital** or otherwise to repay the **mortgage debt** in any particular order.

The **receiver** may employ and pay agents to carry out any work on his behalf.

Management companies and shared ownership leases

If **you** hold a share in or are a member of a management or resident's company, commonhold association or other similar association because of **your** interest in the **property**, **you** will deposit any share certificate or other certificate of membership with **us** together with a signed share or membership transfer form with the name of the transferee left blank.

If **you** hold a share in or are a member of any of those entities listed in **condition** 7.4.1, **we** will be entitled to do any of the following things on **your** behalf:

(a) transfer the share or other interest to any person to whom **we** have sold the **property** under **our** power of sale and receive any consideration for that transfer; and

(b) exercise any voting rights as a result of **our** having taken possession of the **property**.

7.4 Powers of attorney

These **powers of attorney** are available to **us** from the date of the **mortgage deed** and will remain effective until the **mortgage debt** has been repaid in full.

7.5.2 For the purposes of securing **our** interest in the **property**, **you** appoint **us** and (as a separate appointment) any **receiver** appointed by **us** to be **your** attorney (and if there is more than one of **you**, either separately or jointly). The attorney will be legally entitled to execute any document, deed or notice and do anything which **you** are required to do or **we** are entitled to do, under these **conditions** or pursuant to any statutory provision. The attorney's acts will bind **you** as though **you** had done them **yourself**.

7.5.3 **We** will be entitled to delegate **our powers of attorney** to third parties where this is reasonably necessary to help the exercise of **our** powers under the **powers of attorney** or the **mortgage deed** or any other **mortgage documents**.

7.5.4 **We** will not be liable for anything which is done under the **powers of attorney** unless **we** have failed to use reasonable care in exercising them.

7.5.5 **You** may not revoke these **powers of attorney** until the **mortgage debt** has been fully repaid and any **security** duly discharged.

7.5.6 **You** also agree to sign any document and do anything else which **we** reasonably request **you** to do in order to:

(a) perfect or improve any **security** created or intended to be created for the repayment of the **mortgage debt**;

(b) help the exercise or the proposed exercise by **us** of any of **our** powers under the **mortgage**;

(c) protect, manage or sell the **property** or any other **security** for the repayment of the **mortgage debt**, and

(d) claim and receive any **receipt** or any right or claim connected with them.

7.6 **Monies held on your behalf under another mortgage**

7.6.1 If an **event of default** has occurred and:

(a) **we** are holding any monies on **your** behalf pursuant to a power of sale or a power to appoint a **receiver** in relation to another property owned by **you** which is mortgaged to **us**; and

(b) the monies held by **us** in connection with that power of sale or power to appoint a **receiver** exceed the amount required to discharge the debt relating to that other **mortgage**,

we can use the monies which **we** are holding on **your** behalf to repay the **mortgage debt**.

7.7 **Set off**

7.7.1 If **you** have an account with **us**, in case of **event of default**, **we** can use any credit balance on that account to repay the **mortgage debt**.

7.8 Forwarding Address

7.8.1 If **we** take possession of the **property** or if **you** abandon the **property**, **you** must provide **us** with a forwarding address which **we** can use to contact **you**.

7.9 PAYMENT DIFFICULTIES

If **you** are an individual, or individuals, in payment difficulties, and the **mortgage** is a first legal charge over **your** home to which the Financial Conduct Authority's Mortgages and Home Finance: Conduct of Business sourcebook applies, **we** will:

(a) make reasonable efforts to reach an agreement with **you** over the method of repaying any payment shortfall or sale shortfall, in the case of the former having regard to the desirability of agreeing with **you** an alternative to taking possession of the **property**;

(b) liaise, if **you** make arrangements for this, with a third party source of advice regarding the payment shortfall or sale shortfall;

(c) allow a reasonable time over which the payment shortfall or sale shortfall should be repaid, having particular regard to the need to establish, where feasible, a payment plan which is practical in terms of **your** circumstances;

(d) grant, unless **we** have good reason not to do so, **your** request for a change to:

- **(i)** the date on which the payment is due (providing it is within the same payment period); or
- **(ii)** the method by which payment is made;

and give **you** a written explanation of **our** reasons if **we** refuse the request;

(e) where no reasonable payment arrangement can be made, allow **you** to remain in possession of the **property** for a reasonable period to effect a sale; and

(f) not repossess the **property** unless all other reasonable attempts to resolve the position have failed.

8 ALTERNATIVE MEDIA

Copies of this booklet are available in large print, Braille and audio. Please contact **our customer service number** to request any alternative format **you** may need; **we** will ensure that a copy is made available to **you** as soon as possible.

Get in touch if you need this document in Braille, large print or audio tape.

T: 0800 368 1833
W: **bluestonemortgages.co.uk/brokers**

Lines open 9.00am - 5.30pm Monday to Friday. Calls may be recorded.

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Registered Office
3rd Floor, 22 Chancery Lane, London, WC2A 1LS

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