Hanley ECONOMIC Building Society

Mortgage and Loan Terms & Conditions (Scotland)

Version 4.0 (updated July 2023)

Hanley

ECONOMIC

Building Society

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We're able to provide this document in Braille, large print or audio cassette upon request. Your local branch will arrange this for you, or contact us on 01782 255000.

Hanley Economic Building Society Mortgage and Loan Terms & Conditions (Scotland)

This booklet contains the terms and conditions which apply to your Loan with Hanley Economic Building Society.

Please read this booklet and the accompanying documents carefully and make sure you understand them before taking out a mortgage with the Society, as your home may be repossessed if you do not keep up repayments on your mortgage.

If you have any questions about your mortgage and how it operates including about your obligations, please speak to your legal adviser.

If you would like this booklet (or any other documents we have provided to you) in an alternative format, please call 01782 255000.

Membership Rights

When you sign the mortgage deed, you automatically become a member of the Society and you will be bound by the Society's Rules.

If there is more than one of you, the first named applicant in the mortgage application form will be the Society's member with borrowing membership rights. He or she is known as the representative joint borrower. If you wish to change the person who is the representative joint borrower, you can do so by giving notice to us. The change will take effect when the Society's records are amended.

The name provided in the mortgage application form must be in the same style as on any other account held with the Society to ensure that the Society does not provide duplicate mailings to you. Any previous error or discrepancy must be notified to the Society as soon as possible.

Membership will cease if the Society exercises its power of sale or takes possession of the property, and may cease if the Society transfers the mortgage under Term 17.

Financial Year

The Society's financial year is currently the period of 12 months ending 31 August.

This booklet is split into three parts:

Part 1 (loan terms) This, along with the Offer, sets out the terms applicable to the money that we have lent to you, including how it will be repaid, how we will charge you interest, when you may have to pay our charges and how and when we can change interest rates and charges.

Part 2 (mortgage terms) This sets out the terms applicable to the security we have taken over your Property, including your obligations in relation to looking after the Property and what we may do with the Property if you do not make the payments due and keep to your other obligations under these Terms and the Offer.

Part 3 (general terms) This sets out some general terms applicable to the relationship between you and us.

Below is a summary of some of the key terms in this booklet. It is a summary only.

Term	Summary
Monthly payments	It is important that you pay to us the monthly payments set out in your Offer on time, or any changed monthly payments which apply under these Terms. If your Loan is made on the 'repayment' basis, your monthly payments will consist of repayments of Capital and interest. If your Loan is made on the 'interest only' basis, your monthly payments will only consist of interest and you will still have to repay all of the Capital at the end of the term. If your Loan is made partly on the 'repayment' basis and partly on the 'interest only' basis, your monthly payments will consist of combined payments of Capital and interest in relation to the part of the Loan made on the 'repayment' basis and payments of interest only in relation to the part of the Loan made on the 'interest only' basis. You will still have to repay all of the Capital representing the part of the Loan made on the 'interest only' basis at the end of the term. **If all or part of your Loan is made on the 'interest only' basis, it is very important that you make arrangements to repay the amount of Capital, or so much of it as represents the part of the Loan made on the 'interest only' basis, at the end of the term and regularly check to ensure that you will be in a position to do so. If you do not repay the Capital at the end of the term, we may take proceedings against you which could result in us repossessing and selling the Property.**
Joint borrowers	If you are borrowing jointly with someone else each of you together and both of you individually are liable for the full amount owing under the Loan. This means that we can pursue the full amount owing against each of you individually.

Term	Summary
Interest	We will charge you interest on the amount that you have borrowed at the Interest Rate. The Interest Rate may be a fixed rate, a tracker rate or a variable rate. Unless your Offer states that your Interest Rate is fixed or tracks an externally set rate (such as Bank of England Base Rate), we can vary the Interest Rate for any of the reasons set out in Term 4.2 of your loan terms. The overall cost of your mortgage will increase if we increase the Interest Rate and we will normally increase your monthly payments to recover the extra interest. If your Offer states that your Interest Rate will track an externally set rate, the Interest Rate you pay will vary in line with changes in the external rate, except that your Interest Rate will not go below 0% even if the external rate does so. The overall cost of your mortgage will increase if the external rate increases and we will normally increase your monthly payments to recover the extra interest. It is important that you can afford to make your monthly payments if your Interest Rate increases.
Early repayment	You can repay your Loan in full or in part at any time. You may have to pay an early repayment charge and other charges if you repay some or all of your Loan before the end of the term, otherwise than by making the monthly payments due where your Loan is made on the 'repayment' basis. The details of these charges are set out in your Offer.
Flexible Features	Your Loan may include a number of flexible features. Please refer to your Offer for details of which flexible features apply.
Immediate repayment	In certain circumstances we can ask you to repay the Outstanding Balance immediately, for example, if you fail to pay an amount equal to at least two monthly payments or if you commit a material breach of one of your other obligations. The full set of circumstances in which we may do this is set out in Term 5.1 of your loan terms. Please make sure that you understand when we may ask you to repay your Outstanding Balance immediately because, if we do this and the money is not paid, we could take further action against you. This includes, if necessary, asking the court to make an order allowing us to repossess and sell your Property.

Term	Summary
Charges	We will charge you if you ask us to provide services under the mortgage, or if we incur costs because you fail to comply with your obligations. Our current list of standard charges (our Tariff) is provided to you with these conditions and is available on our website atwww.thehanley.co.uk. We can change these charges and introduce new charges. The reasons why we may do this are set out in Term 7 of your loan terms.
Property obligations	Your Loan will be secured on the Property described in your Offer. It is important that the Property is kept in a good state of repair. Term 10.1 of the mortgage terms sets out your obligations in relation to maintaining the Property. You must also obtain our permission before you carry out certain actions in relation to the Property, such as altering or extending it or letting it to a tenant. You must insure against the usual risks to a property and for an amount that is sufficient to fully re-instate the Property if it is destroyed or damaged. If you fail to insure the Property, we may do so and where we do this you will be responsible for repaying the premiums to us. Special terms apply where the Property is leasehold or commonhold and someone else, such as a landlord, is responsible for insuring it: see Term 12.4 of the mortgage terms.
Action we may take	We can take certain action in relation to the Property if you fail to meet your obligations. These actions are set out in Term 13 of your mortgage terms. They include repossessing your Property and selling it.
Transferring the loan and mortgage	We may transfer our interest in the mortgage and the Loan to another person in accordance with Term 17 of the mortgage terms.

Interpretation

A. Certain words used in the booklet have a special meaning. These are set out below:

Capital means any money on which we can charge interest under these Terms, that is: (i) any part of a Loan which you have not repaid; (ii) any charges which we add to your Loan Balance under Term 6.4 of the loan terms; and (iii) any interest which you have not paid by the end of the calendar month in which it becomes due.

Interest Rate means the rate of interest shown in the Offer or, if we change it in accordance with these Terms, the changed rate of interest.

Loan means any individual amount of money we have lent to you or may lend to you on the security of the Property, as set out in an Offer.

Loan Balance means all the money you owe us in respect of a Loan from time to time, including any unpaid i nterest or charges.

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

Outstanding Balance means the whole amount you owe us from time to time under these Terms and each Offer (this will be the same as the Loan Balance or, if we have made two or more Loans to you, the total of each of the Loan Balances for the time being outstanding).

our, us, we and the **Society** refer to Hanley Economic Building Society or anyone who takes over, or merges with, the Society and includes our successors in title (at law or in equity) to the mortgage and anyone to which we transfer or assign the Loan and/or mortgage to in accordance with the Terms.

Property means the property which is security for the Loan and is described in the Offer and where appropriate includes all or any part of the Property.

Rules means the Rules of the Society for the time being in force.

Tariff means our Tariff of Mortgage Charges. The Tariff sets out the current amount of the standardised charges which we may make under Term 6 of the loan terms. We may make changes to the charges set out in the Tariff and apply new charges, details of how and when we will do this are set out in Term 7 of the loan terms. You can obtain the latest version of our Tariff on our website at www.thehanley.co.uk.

Terms means all the terms set out in this booklet.

Year means a calendar year.

you and **your** refer to a person who is the borrower named in the Offer and includes your personal representatives and anyone who takes over the borrower's legal rights and duties under the Loan/Offer. If there is more than one of you, **you** and **your** means all or any of you. You are each responsible for the full amount owing under the Loan as individuals, and you are responsible as a pair or a group.

B. If at any time more than one Loan is owing from you under the mortgage, the Terms apply to each Loan separately.

Part 1 – Loan Terms

1 Payments

1.1 You must repay the Loan to us with interest by the end of the term set out in Offer (or any changed term which is later agreed between you and us in writing).

1.2 You must make the monthly payments set out in the Offer, as varied from time to time under Term 1.9 of the loan terms, until the Loan Balance is repaid in full. These payments will start on the date you selected in your application form and will be due on the same day of each month after that. After your first monthly payment has been made, you may ask us to agree to change your payment day to a different day of the month up to 28th day of the month.

1.3 Monthly payments must be made by direct debit from a UK bank or building society account.

1.4 If the Loan is made on the 'repayment' basis, you will have to make monthly payments that are made up of interest and Capital. Your payments will be calculated so that the Capital is repaid with interest by the end of the term. If any monthly or other payments due under these Terms are in arrears, the monthly payment will not provide for the repayment of the arrears including any interest on those arrears unless and until we change the payment under Term 1.9(e) to provide for this.

1.5 If the Loan is made on the 'interest only' basis, you will have to make monthly payments that are made up of interest only. You will need to repay the Capital in full by way of a lump sum payment at the end of the term. It is your responsibility to ensure you will be able to repay the Capital at the end of the term of an interest-only mortgage.

1.6 If the Loan is made partly on the 'repayment' basis and partly on the 'interest only' basis, we will work out the monthly payment in accordance with Term 1.4 for the part of the Loan Balance to which the 'repayment' basis applies and in accordance with Term 1.5 for the part of the Loan Balance to which the 'interest only' basis applies. You will need to repay the whole of the Capital representing the part of the Loan to which the 'interest only' basis applies by making a lump sum payment at the end of the term.

1.7 If you do not repay the Capital in full at the end of the term we can continue to apply interest to the Capital at the Interest Rate until it is repaid. We may also take proceedings against you which could result in us repossessing and selling the Property. Further details of the actions we may take if you do not repay the Capital in full at the end of the term are set out in Part 2 of these Terms.

1.8 If we receive any payment from you which is insufficient to pay in full what you owe to us we will apply the amount in the following order:

(a) towards any monthly payments which are in arrears;

(b) towards any unpaid interest and charges; and then

(c) towards the rest of the Loan Balance owing.

1.9 In certain circumstances we may vary the monthly payment amount. We may do this if:

(a) there is a change in the Interest Rate;

(b) there is a change in the amount of money you owe us;

(c) we add any unpaid charges to the Capital under Term 6.4 of the loan terms;

(d) a change to the term of the Loan is agreed between you and us in writing;

(e) the change is needed to provide (where regulatory requirements permit this) for any monthly payments which you have failed to pay to be rescheduled for payment over the rest of the term;

(f) your repayment type changes;

(g) the change is required by any compulsory change in law or regulation.

We will act reasonably in exercising our right to vary the monthly payments in these circumstances and will give you reasonable personal notice of the revised monthly payment.

1.10 If we sell the Property following enforcement action against you, you must still pay us any amount by which the sale proceeds fall short of the Outstanding Balance. If the shortfall is not paid immediately, we will continue to charge interest on it at the Interest Rate until it is paid.

2 Using other money you have with us

2.1 If you do not make a payment on time on any Loan (or guarantee) with us, we may use any money we have received from you or we owe you, or any money which we hold for you including in an account you have with us, to make the payment. This right is sometimes referred to as "the right of set-off".

2.2 We can do this unless the law or other restrictions prevent it. For example, we won't use any money that we think you need for essential living expenses or important debts. We also won't use any money that you are holding for someone else.

2.3 We can use any money from any account held by any borrower named on the mortgage. This includes accounts held jointly with other people who are not named on the mortgage.

2.4 We will give you 14 days' notice before we use any money under this right.

3 Interest

3.1 We will charge interest at the Interest Rate set out in the Offer until you have repaid the Outstanding Balance.

3.2 We will continue to charge interest after the end of the term until the Outstanding Balance is repaid.

3.3 Interest for each month is calculated daily on the Capital balance you owe and applied to your account at the end of each month. You will pay the Capital and interest on the capital in the following month in arrears. Each month will be treated for this purpose as 1/12th of a year.

3.4 The amount of interest charged for a month may be adjusted to reflect:

(a) any reduction in your Loan Balance which results from our receiving a monthly payment, overpayment or other sum for the credit or your Loan account;

(b) any increase in your Loan Balance which results from the application of charges or other sums to your Loan account;

(c) any change to the term of the Loan which is agreed between you and us in writing.

3.5 If you do not pay any charges when we ask you to, we can start charging interest on them from the day the charge is added to your account. When a charge is added to your account when we make a Loan to you, we can start charging interest on it at the same time as we start charging interest on the Loan.

3.6 We will add any interest which remains unpaid on the last day of the calendar month in which it accrued to the Capital on the first day of the following month. This means that if you don't make a monthly payment by the end of the calendar month in which it's due to be paid, you will be charged interest at the Interest Rate on the Loan Balance which will include the amount of the missed interest payment.

3.7 Any payment you make to your account, when cleared, will reduce the balance on which interest is charged from the day when the payment was first credited.

3.8 We will continue to charge you interest at the Interest Rate even if a court makes an order for possession, or after we obtain judgment or possession, until your Property is sold and the Outstanding Balance is paid off in full.

3.9 For the purpose of calculating interest, each day is treated as 1/365th of a Year (or 1/366th in any leap year).

4 Changing the Interest Rate

4.1 We can reduce your interest rate at any time without notice, we will notify you if your monthly payments change under Term 1.9.

4.2 We can increase your interest rate for the following reasons:

(a) to reflect changes in the costs of raising the money we lend to our mortgage members whose interest rate we are free to vary. These costs can change for a number of reasons, for example in our costs in funding your Loan. These costs can change for a number of reasons including, for example:

(i) changes in the Bank of England base rate (or any rate which replaces the Bank of England base rate);

(ii) changes in other market rates where this impacts our funding costs;

(iii) increases in the rates of interest we need to pay in order to attract and retain savers; or

(iv) increases in our costs of raising funds from other sources;

(b) to respond to changes in law, regulation, guidance or codes of practice which we comply with;

(c) to respond to decisions of a court of ombudsman;

(d) to reflect a change beyond our reasonable control in the costs to us of providing your Loan or the services and facilities available in connection with it (including changes in technology we use).

(e) to proportionately reflect an increase in the risk of our lending due to a change in the way the Property is used or occupied. For example, if you let the Property. We will make sure the increase in your interest rate is proportionate to the reason for increasing it.

4.3 During any period in which your Interest Rate is stated to be fixed, we cannot vary the Interest Rate unless there is a change in the way the property is used or occupied which increases the risk of our lending to you. For example, if you let out the Property.

4.4 Where the Interest Rate is linked to or tracks an independently set rate (which is a rate which is not set by us, for example, Bank of England base rate):

(a) your Interest Rate will increase and decrease at the same time and by the same amount as that independently set rate as set out in the Offer. However, your Interest Rate will not go below 0% even if the external rate does so;

(b) if the relevant independently set rate ceases to exist or be available we may choose another independently set rate in its place. If we do this, we will act reasonably in choosing the replacement rate and give you reasonable notice under Term 18 of the replacement rate;

(c) we may increase the Interest Rate above the relevant tracker rate and any applicable margin set out in your Offer where there is a change in the way the Property is used or occupied which increases our risk of our lending to you.

4.5 We will give personal notice in accordance with Term 18 of any increase in the Interest Rate either before or, in the case of a tracker rate, as soon as possible after, the increase is to take effect.

4.6 If you do not agree to the increase, you are able to repay the Loan Balance in full. If you repay the Loan you may have to pay an early repayment charge and any other charge which applies under the Offer.

5 When We Can Ask For Repayment

5.1 In certain circumstances, we may give you notice requiring you to pay to us the Outstanding Balance immediately. We will only ask you to do this if:

(a) you have failed to make payment of an amount equal to two or more of your monthly payments on any Loan;

(b) you don't repay all the money you owe us at the end of the term;

(c) you materially or persistently fail to comply with any of your obligations (other than for the payment of money) to us in relation to the Loan and mortgage set out in the Offer, these Terms or any other agreement between you and us;

(d) you are made bankrupt;

(e) you enter into a voluntary arrangement (or propose to do so), or enter

into an arrangement with your creditors, or apply for an interim order, or your Property is taken into trust for the benefit of your creditors;

(f) the information you gave to us when you applied for your Loan was incorrect or incomplete. You are only in default under this provision if we would not have given the Loan to you had we known the correct information;

(g) the Property is compulsorily acquired (for example, a local authority forces you to sell your Property or any part of it to them);

(h) the Property has been abandoned;

(i) if your Property is leasehold, if you have breached the terms of the lease (for example, you have not paid your ground rent or service charges); or

(j) you die or, in the case of joint borrowers, the last surviving one of you dies.

5.2 If you do not repay the Outstanding Balance when requested and we obtain a Court judgment against you for that amount or part of it, you will pay interest on the amount of that judgment at the rate set by the Court or, if none is set by the Court, at the Interest Rate.

6 Incurring Charges

6.1 You agree to pay us the charges we make to recover the costs and expenses we reasonably incur in connection with your mortgage. The charges we make may cover either or both of the costs and expenses we have to pay to third parties and the internal administrative expenses which we incur.

6.2 Where we are able to make a reasonable estimate of the costs and expenses we incur in typical cases, we may recover our costs and expenses by asking you to pay a standard charge equal to the amount we have estimated. Our standard charges are set out in our Tariff or, where they arise in connection with the making of a new Loan, in the Offer. In other cases, we may recover our costs and expenses by asking you to pay a charge equal to the costs and expenses we actually pay or incur in the particular case.

6.3 Examples of charges include:

(a) Operational costs: Charges may be incurred when we:

(i) supply or copy deeds or documents to you or anyone acting for you;

(ii) discharge our security or release the Property or any related rights from our security;

(iii) release any title deeds;

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

(v) give you or anyone authorised by you any assistance or information in connection with the Property, the Loan or the mortgage;

(b) Legal costs: Before the first Loan is made we will ask you to set up a mortgage over the Property to secure the Loan and any future Loans. You will be responsible for paying the charges we make to cover the legal costs of any conveyancer who undertakes our legal work in relation to the mortgage. The Offer will state whether you are paying the whole or part of the legal costs involved in setting up the mortgage and making the first Loan;

(c) Costs to safeguard our security: You must pay us the charges we make where we need to take action to safeguard our security or because you fail to fulfil an obligation you have under these Terms or the Offer. Examples of items covered by these charges include (but are not limited to):

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

(ii) exercising any of the rights or powers given to us by law or these Terms;

(iii) recovering any of the Outstanding Balance;

(iv) insuring the Property or checking that any insurance of the Property which you have arranged is adequate for our purposes;

(d) Arrears Charges: If you fail to make any payments due to us and your Loan account falls into arrears, we will charge you arrears administration fees. The time from when we start charging these fees and the amount of these fees will be set out in the Tariff. Where arrears administration fees are charged, they will be added to the Loan Balance. Legal costs may also be charged if we have to take further action.

6.4 If you do not pay a charge within seven days of the date we specify to you as the due date, then we may add it to the Capital if it is reasonable to do so. If we do this:

(a) we will charge interest at the Interest Rate on the charge until it is repaid or, where there is more than one such rate, at the rate which applies to the part of the Outstanding Balance which originated earliest;

(b) if the addition of the charge results in your monthly payment being changed we will give you notice of the new amount in accordance with Term 1.9; and

(c) we will ensure that any new monthly payment amount results in the interest charged each month being covered by the corresponding monthly payment for that month and any Capital that is not being repaid on an interest only basis being repaid with interest by the end of the term.

7 Changing Our Charges

7.1 We may change any of the standard charges listed in our Tariff at any time if it is reasonable to do so and add new charges to the charges listed in our Tariff. If the change is not to your advantage (for example, if we increase a charge) we will only make the change to enable us to respond proportionately to a change in any or all of the following:

(a) to respond to changes in law, regulation, guidance or codes of practice which we comply with;

(b) to respond to decisions of a court of ombudsman;

(c) to reflect a change beyond our reasonable control in the costs to us of providing your Loan or the services and facilities available in connection with it (including changes in technology we use).

7.2 Telling you about changes

If we make a change to the charges listed in our Tariff:

(a) we will write to give you notice at least thirty days before the change takes

effect if the change is to your disadvantage or where we introduce a new charge;

(b) the new charge will be set out in the Tariff, a copy of which will be provided to you at least once a year when changes are made;

(c) we will tell you when you ask us to do something which incurs a charge before the charge is incurred; and

(d) details of our charges will be available from www.thehanley.co.uk.

8 Flexible Features

Any flexible features on your Loan will be shown in the Offer. Where applicable, the flexible features operate as provided in this Term 8.

8.1 Overpayments

(a) If you can make overpayments this will be set out in the Offer.

(b) You can make overpayments by:

(i) increasing your monthly payment; or

(ii) cheque (we will specify who to make the cheque payable to); or

(iii) bank transfer to an account we specify.

(c) Details of your early repayment charges and when they apply are set out in the Offer.

8.2 Payment Holidays and Underpayments

(a) The Offer will say whether you are entitled to take a payment holiday (i.e. miss one or more of your monthly payments) or make an underpayment (i.e. pay less than the full amount of your monthly payment).

(b) You may only take a payment holiday or make an underpayment where you have built up a sufficient overpayment reserve to cover the amount of any monthly payment which you will be missing or the amount by which your underpayment falls short of the full monthly payment.

(c) If you are to take a payment holiday or make an underpayment, you must resume payment of your full monthly payments as soon as you have used up the amount of your overpayment reserve.

(d) To take a payment holiday or make an underpayment, you must:

(i) not have failed to pay any sum which you were required to pay under these Terms or the Offer, or have had any payment arrangement in place with us, during the 12 months prior to taking the payment holiday or making an underpayment;

(ii) not otherwise be in breach of these Terms or the Offer;

(iii) not be subject to an individual voluntary arrangement or bankruptcy proceedings;

(iv) not be claiming on any mortgage repayments insurance policies you have;

(v) not be claiming unemployment benefits; and

(vi) not have a subsequent charge to us registered against the Property in the name of another lender.

8.3 Porting

(a) If you are entitled to 'port' your Loan (i.e. transfer your Loan Balance to a mortgage of another property) this will be set out in the Offer.

(b) If you are entitled to port your Loan, this means that, if you are moving to another property which you are buying with a mortgage loan from us, you will be able to transfer the Loan Balance to the mortgage of the other property without any change to the Interest Rate or other terms which apply to the Loan and without being subject to any early repayment charge which might otherwise apply. If you move during a period in which an early repayment charge applies, the charge will however be payable if you reduce (repay) part of the Loan Balance at the time you move. Details of early repayment charges and when they apply are set out in the Offer.

(c) You will only be able to port your Loan at the point you move. Any additional lending you require as a result of moving will be offered to you on our business terms which are current at the time and you will be subject to a credit assessment and other criteria in respect of the additional loan.

In certain circumstances, you may also be subject to a full affordability assessment where you choose to port your Loan. Our affordability requirements at the time of your move may be different to those at the time you take out your Loan and also your circumstances may have changed. We will discuss the details of this with you, if applicable, at the time.

Part 2 – Mortgage Terms

9 Security

9.1 By entering into the mortgage, you have given us security over the Property to protect us in case you do not keep to your obligations under these Terms, the Offer and any other document which sets out the agreement between us for the Loan. If we enforce the security, we need to take certain steps which are described in this Part 2. This Part 2 also describes your obligations in relation to the Property and the restrictions which apply to the way you can deal with the Property whilst it forms part of our security.

9.2 The security over your Property may be for more than the Outstanding Balance you owe under these Terms and each Offer. It will also be for any other money that you owe to us under any other agreement or will owe to us in the future.

10 Dealing with the Property

10.1 There are certain actions that you must take, or must not take, in relation to the Property. You must comply with the Standard Conditions set out in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970, and you must also:

(a) keep the Property in a good condition at all times and carry out any necessary repairs;

(b) ensure that any unfinished building or works on the Property are completed without delay and are carried out to the required standard;

(c) if the Property is leasehold, comply with all of the tenants' obligations under the lease;

(d) pay all existing and future rents, taxes, outgoings and rent charges affecting the Property;

(e) send to us a copy of any notice or other document affecting the Property within 14 days of receiving it from:

(i) a landlord (if the Property is leasehold);

(ii) a rent charge owner (if the Property is subject to a rent charge);

(iii) anyone claiming a legal right over the Property;

(iv) any government department, local or other authority;

(v) a commonhold association (if the Property is commonhold);

(f) if the mortgage is a buy-to-let mortgage, send us, within 14 days of our requesting it, a copy of any of the following documents regarding the letting of the Property:

(i) any current or former tenancy agreement;

(ii) any certificate or other document evidencing their compliance with the requirements of the Tenancy Deposit Scheme (or any replacement scheme);

(iii) any other notice or other document that they have given to, or received from, a tenant or their representative (or both);

(iv) any other documents we reasonably request.

(g) allow (or if the mortgage is a buy-to-let mortgage, arrange for tenant(s) to allow) us, our employees, or agents to enter the Property after giving you reasonable notice so that we may:

(i) carry out a valuation of the Property;

(ii) inspect the state of repair and condition of the Property;

(iii) carry out or complete any work which is needed to put right any failure by you to comply with these Terms;

(h) tell us before you apply to a local authority or other similar body for any loan or grant for the repair or improvement of the Property. This is because the loan or grant may be subject to conditions requiring the whole or part of the grant to be repaid, for example, if you do not live in the Property for a certain period. You cannot accept any such loan or grant unless we agree in writing;

(i) not knowingly take any action regarding the Property that is against any legal or regulatory requirements.

In the event of any conflict between the terms of the Standard Conditions set out in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 and this booklet, this booklet shall prevail.

10.2 You must not do any of the following without getting our written consent first:

(a) transfer, assign, mortgage, secure, obtain an extended lease of or otherwise deal with or give away the Property;

(b) allow anyone to live in the Property or share occupation with you or grant any tenancy agreement or lease;

(c) accept the surrender of any lease or tenancy of the Property;

(d) alter or extend the Property.

(e) where the mortgage is a buy-to-let mortgage, grant any licence or give any consent to any tenant.

Where you ask us for our consent we will act reasonably in considering whether to consent or not.

11 Use and Occupation of the Property

11.1 If the Offer states that the Property is to be used as your residential home and must not be used for letting purposes, then:

(a) you must occupy the Property and must not, without our prior consent in writing, grant or agree to grant or renew any lease or tenancy of the Property or give any person any contractual or other licence or right to occupy or live in it;

(b) we will not refuse to allow you to let the property if you and the Property satisfy the conditions we reasonably require for the letting of properties at that time.

11.2 If the mortgage is a buy-to-let mortgage, then:

(a) the Property must only be occupied for residential purposes as a single private dwelling; and you must not change the use of the Property or allow it to be used by any tenant for a trade or business;

(b) you must not occupy the Property and must not grant a tenancy of it to any of the following people:

(i) your family members (which includes, for example, a spouse, civil partner, parents, grandparents, siblings, children and grandchildren).

(ii) people who could claim diplomatic immunity.

(c) you must not, unless we have agreed in writing, grant or agree to grant or renew any lease or tenancy of the Property or give any person a contractual or other licence or right to occupy or live in the property except a tenancy that complies with our requirements.

(d) you must ensure that any tenancy agreement for the property complies with the following:

(i) the letting must be for residential purposes only.

(ii) you must not let out parts of the Property under two or more separate tenancy agreements at the same time.

(iii) you must not let out the Property as a house in multiple occupation, as defined in section 125 of the Housing (Scotland) Act 2006.

(iv) any tenancy of the Property must be on the basis of an arms length tenancy agreement which is satisfactory to us under the appropriate legislation (such as an Short Assured Tenancy under the Housing (Scotland) Act 1988 or a private residential tenancy under the Private Housing (Tenancies) (Scotland) Act 2016). Your solicitor must give us or our solicitor, on request, a copy of the tenancy agreement.

(v) the Property must not be let as a short-term holiday let

(vi) the letting must not confer any security of tenure on the tenant(s) beyond the end of the contractual term of the tenancy agreement, or permit the tenant to sub-let the Property or any part of it.

(vii) the tenant(s) must not be able to extend the term without your consent.

(viii) references about the proposed tenant(s)' ability to pay the rent and their character must be obtained and must be made available when we ask for them.

(ix) any tenancy agreement must (a) be in a form normally used for a Short Assured Tenancy under the Housing (Scotland) Act 1988 or a private residential tenancy under the Private Housing (Tenancies) (Scotland) Act 2016 and (b) contain no terms that can adversely affect our interest as mortgagee.

(x) any deposit must be held by a body approved by the Government under the Tenancy Deposit Schemes (Scotland) Regulations 2011.

(e) You must inform us if the Property remains unoccupied for more than a three-month period, and inform us when it is let. You must also inform us if you expect the Property to be unoccupied for more than a three-month period, and inform us when it is let.

12 Insuring the Property

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

12.2 Except where the Property is insured in accordance with Term 12.4, you must insure the Property and if you are arranging your own insurance, the following terms will apply:

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

(b) you will give us proof of payment of the premiums if we ask for this.

12.3 If you fail to insure the Property in accordance with Term 12.2, we can insure it instead. If we do so we will do so at your expense, and you will pay the charges we impose under Term 6.3(c) for making good your failure to insure. We are under no obligation to you however to ensure the Property is adequately insured.

12.4 If the Property is leasehold or commonhold and the terms of the lease or the commonhold community statement provide for the Property to be insured by a third party (for example, the landlord), then the Property will not need to be separately insured by you, provided that:

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

(b) you must do your best to ensure that the Property remains insured against all risks detailed in Term 12.2(a) above and for the cost of full reinstatement of the Property.

12.5 You must tell your insurers about the tenancy and comply with any requirements they have.

12.6 You will not do anything or allow anything to be done or not done which may make the insurance invalid or which makes the insurance more difficult or expensive to obtain or maintain or affects the ability to make a claim under the insurance policy.

12.7 We may, on your behalf, settle and adjust any claims against the insurers of the Property. In the event of a payout following a claim on the policy (whether arranged by you or us), we may receive any money paid out under the claim or, if you receive it, you must hold it in trust on our behalf and keep it separate from your other funds. We will use any money paid under the insurance policy to rebuild or repair the Property unless it is impracticable to do so, in which case, we will use the money to reduce or pay off the Outstanding Balance.

13 Action We May Take

13.1 We may take any of the steps specified in Term 13.2 of the mortgage terms if you have become obliged to pay us the Outstanding Balance immediately under Term 5.1 of the loan terms.

13.2 In addition to the circumstances specified in the Conveyancing and Feudal Reform (Scotland) Act 1970, we may do the following to protect our position as lender and safeguard the Property as security for the Loan:

(a) generally manage the Property including collecting and receiving all rents, arranging any necessary repairs and maintenance, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances and serving notices under any relevant housing legislation;

(b) take possession of the Property and take any action or proceedings necessary to do so;

(c) sell the Property (whether or not we have taken possession) for a price and on such terms as we may think fit (always ensuring that we obtain the best price reasonably obtainable in the circumstances);

(d) let or sublet the Property and vary, renew, terminate, surrender or accept surrenders of leases, tenancies or licences over the Property for a price and on such terms and for such rent and payment as are reasonable in the circumstances;

(e) sell any freehold or leasehold reversions created as a result of letting or subletting the Property under paragraph (d) above; and

(f) where the Property has been let or sublet under paragraph (d) above, exercise, on your behalf and without having to give you prior notice or obtain your consent, all the powers and duties conferred on a landlord by legislation in force at the time.

13.3 We will not take possession of and manage or sell your Property without first asking the court for a decree or on you voluntarily surrendering the property to us.

13.4 If we take possession of the Property you must remove all furniture and other moveable property (personal items) from the Property within seven days and must not remove any fixed items from the Property without our agreement in writing.

13.5 If any furniture or moveable items 13.5 are not removed within seven days, then you agree that we or the receiver may:

(a) deal with them as your agents and at your expense;

(b) sell or otherwise dispose of anything which belongs to you, in which case we (or the receiver) will give you any proceeds received less all reasonable expenses of the sale; and

(c) remove and store anything which we know does not belong to you.

13.6 We may employ and pay agents to act in our or the receiver's place. These agents will be treated as your agents and you will be responsible for their fees so long as they are reasonable.

Please ask your legal adviser if you require further information.

14 Power Of Attorney To Act On Your Behalf

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

14.2 If there are two or more of you then you agree that we will be attorney for each of you individually as well as for all of you jointly.

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

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

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

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

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

15 Compensation from Third Parties

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

(a) to correct or compensate for defects or damage relating to the Property or the title to it; or

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

15.2 If you recover money or damages pursuant to Term 17.1 above, you may use the money or damages recovered either towards making good the damage or defects or towards payment of the money secured by the mortgage.

Part 3 – General Terms

16 Joint Borrowers

If there is more than one of you:

(a) these Terms apply to all of you together and to each of you on your own;

(b) each of you can be held fully responsible for keeping to these Terms.

This means that we can pursue each of you individually and both of you together to recover the Outstanding Balance.

17 Transferring the Mortgage and the Outstanding Balance

17.1 We may sell, transfer, assign, charge or otherwise dispose of our interest (in whole or in part) in the mortgage and the Outstanding Balance to another person (whether or not a building society) at any time at law or in equity on such terms as we may decide and without your consent.

17.2 Unless the terms of the transfer state otherwise, a transferee of the mortgage and the Outstanding Balance will be able to exercise all the rights, powers and remedies which we are able to exercise before the transfer. In the event of a transfer, your obligations to us under these Terms will continue for the benefit of the transferee.

17.3 You agree that we may at any time transfer all or some of our obligations under the mortgage (including these Terms) and the Offer to another person (whether or not a building society). If we do so, you will be able to enforce the transferred obligations against that person in the same way that you could enforce them against us before the transfer.

17.4 If we take any of the steps described in Terms 17.1 or 17.3:

(a) it will not reduce your rights or increase your obligations under the mortgage (including these Terms) and the Offer; and

(b) it will not reduce any guarantees you have under or by virtue of the mortgage (including these Terms) and the Offer.

17.5 We may disclose the following to any person who takes, or is about to take, a transfer, assignment, charge or other disposal of all or part of our interest in, or any of our rights under or in respect of, the mortgage and the Outstanding Balance, or who takes, or is about to take, a transfer of all or some of our obligations under the mortgage (including these Terms) and the Offer:

(a) any information you gave us when you applied for any Loan;

(b) any documents supporting your application;

(c) any other information or documents we hold concerning the Property, the Offer, any other security we hold in respect of the Outstanding Balance, or the way you have performed your obligations under the Offer and these Terms.

Where any information or document which we disclose under this Term was originally supplied by you, you agree that the person to whom we disclose it may rely on its truth and accuracy.

17.6 You may not assign your rights or obligations under these Terms or the Offer.

17.7 If we transfer our rights under the mortgage or the Outstanding Balance, you will no longer be a borrowing member of the Society.

18 Notices

18.1 We may give you notice under these Terms by writing to you personally either:

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

(b) by electronic communication to any number or email address you have given us for this purpose.

18.2 Any notice given by us under Term 18.1 will be considered as received by you as follows:

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

(b) Email: The day the email is sent.

19 Membership of the Society and the Rules

19.1 Members of the Society must follow the Rules. You agree to follow the Rules while you are a member of the Society. If there is a conflict between what the Rules, the Offer, the mortgage and these Terms say, the documents prevail in the following order:

19.2 the Offer;

19.3 the mortgage;

19.4 these Terms; and

19.5 the Rules.

19.6 If you are a member of the Society only because of your mortgage with us, a transfer of the mortgage by the Society may, if we so decide, mean you are no longer a member of the Society.

19.7 You can find a copy of the Rules www.thehanley.co.uk.

20 Changing Your Address

20.1 You must tell us before you change your address, or if this is not possible, as soon as possible afterwards. You must also tell us if you want us to use a different address to communicate with you.

20.2 If you change your address to an address in a different country, we may be unable to continue to provide all the features and services currently available on your Loan, because of rules, regulations or laws that could exist in the country of your new address.

20.3 If this happens, we may, acting in a reasonable and proportionate manner, change, restrict or stop a feature or service we provide you in connection with your mortgage.

20.4 If your address changes back to an address in your original country, any changes or restrictions on the features or services that apply because you changed your address will be removed.

20.5 We will try to tell you before if we need to change, restrict or stop a feature or service but if we were breaking any rules, regulations or laws by continuing to offer the feature or service in the country of your new address, we may have to stop it immediately.

21 Repaying Your Loan Immediately If You Change Address to an Address in a Different Country

21.1 If you change your address to an address in a different country, we may require you to repay your Loan immediately, but only if:

(a) there is no realistic alternative for us as a prudent and responsible lender; and

(b) it is a reasonable and proportionate action to take having regard to the effect of the change in address.

21.2 An example of when we might ask you to repay your Loan immediately in accordance with Term 21.1 is where it would be illegal or would constitute a breach of applicable regulation, rule or law for us to collect payments from you or continue to maintain a mortgage relationship with you, or if a regulator in that country directs us to cease lending in that country.

22 Other Terms To Be Aware Of

22.1 All communications between us may be monitored or recorded to improve the quality of our service and for your protection and security.

22.2 We will supply these Terms and otherwise communicate with you in connection with your Loan in the English language.

22.3 Each of the provisions of these Terms are distinct from each other. If one or more provisions becomes illegal, invalid, void or unenforceable, this will not affect any of the remaining provisions and the remaining provisions shall apply as if the illegal, invalid, void or unenforceable term had not been included.

22.4 Laws and regulations imply certain terms into our agreement with you. For example, as well as the powers set out in these Terms, we and you both have

some other legal rights. Unless these Terms explicitly disapply those rights, they will be applicable to you or us.

22.5 If we decide not to enforce any part of these Terms or delay enforcing it, such delay or inaction will not affect our right to enforce the same part at a later date.

22.6 We can change these Terms if it is reasonable to do so to:

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

(b) change the way we look after your account as a result of changes beyond our reasonable control in the banking or financial system, technology or the systems we use to run our business;

(c) reflect changes to legal or regulatory requirements, codes of practice or the way we are regulated, or the decision of a court or an ombudsman.

We will give you not less than three months' personal notice under Term 20 of any change to these Terms which we make under the present Term.

22.7 No person other than a party to the mortgage or a person who takes a transfer of our interest in the mortgage or the Outstanding Balance under Term 17.1 may enforce any rights under these Terms or the Offer under the Contract (Third Party Rights) (Scotland) Act 2017

22.8 Any reference to an Act of Parliament includes reference to that Act as amended or replaced.

22.9 These Terms are governed by the laws of Scotland. The Courts of Scotland have non-exclusive jurisdiction over any claim or dispute, including non-contractual disputes or claims regarding these Terms.

Registered Head Office:

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