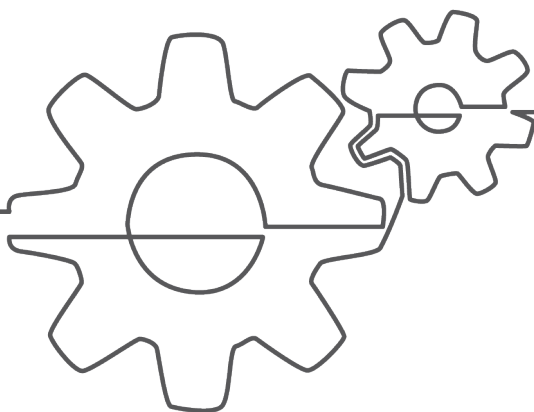


Mortgage Conditions

2024



HINCKLEY & RUGBY BUILDING SOCIETY

MORTGAGE CONDITIONS 2024

The paragraphs headed “Introduction”, “Membership Rights” and “Summary” below are included for information purposes only and do not form part of the Conditions.

INTRODUCTION

This booklet sets out the general conditions that you accept when you sign your Mortgage Deed. It should be read in conjunction with your Mortgage Offer and Offer Conditions.

If you have any queries about these Conditions, please ask us or your solicitor or conveyancer.

You should keep this booklet in a safe place in case you want to check the conditions that apply to your mortgage.

MEMBERSHIP RIGHTS

When you complete a mortgage loan, if you are an Individual, you automatically become a member of the Society and you will be bound by the Society’s Rules. If you are a Corporate Entity, you will not become a member of the Society.

If there is more than one of you, the first named applicant in the mortgage application form will have 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 writing to us. The change will take effect when the Society’s records are changed (and we will try to make the change as soon as practical after you notify us).

The name provided in the mortgage application form must be in the same form as on any other account held with the Society to ensure that we do not provide duplicate mailings to you. Any previous error or discrepancy should 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 Condition 22.

SUMMARY

It is important that you read the Conditions carefully. The following is a very brief summary of what the Conditions cover. It is not a substitute for reading the Conditions themselves.

Condition 2 sets out the meanings of certain words and phrases and other things to bear in mind when you read the Conditions.

Condition 3 has some further information about membership.

Condition 4 deals with our security over the property.

Condition 5 sets out your repayment obligations, including the need to make monthly payments and to pay off the mortgage by the end of the mortgage term.

Conditions 6 and 7 explain how we calculate interest and when and how we can change the rate of interest applying to your loan.

Condition 8 deals with rights in respect of the property and the powers of attorney which you give us as security.

Condition 9 sets out the things you must, and must not, do in relation to the property, to protect its condition and value and our security.

Condition 10 deals with your obligation to insure the property. The property must be adequately insured at all

times.

Condition 11 gives us power to take action to put things right if you do not carry out your obligations under the mortgage.

Condition 12 deals with the fees and costs you must pay, and when and how we can change our fees.

Condition 13 sets out the circumstances in which we can require you to repay the mortgage immediately: for example, if you do not do the things you have agreed to do.

Condition 14 describes what will happen to the interest rate in the event that you are required to repay the mortgage immediately.

Condition 15 sets out what we can and cannot do with regards to any other security we may have in relation to the loan.

Condition 16 describes the remedies we have if we need to enforce our security: for example, we can repossess the property and sell it, or appoint a receiver.

Condition 17 gives you the right to pay off the mortgage, although you should note that Early Repayment Charges may apply – please check your mortgage offer or ask us.

Condition 18 deals with the situation if our security is released by mistake.

Condition 19 gives us power to deal with belongings left in the property.

Condition 20 explains the consequences of you moving to live outside UK.

Condition 21 describes the obligations of any guarantor for your mortgage.

Condition 22 gives us power to transfer the mortgage.

Condition 23 tells you how we will notify you of things under the mortgage.

Conditions 24 to 28 deal with certain other matters, including the law and language that apply and when and how we can change the Conditions.

Condition 29 deals with any additional requirements for certain types of properties such as leasehold properties or new build properties. These will not apply to all properties.

Condition 30 deals with any additional security required in respect of some mortgages.

Condition 31 contains the additional requirements which apply only to buy to let mortgages.

Condition 32 contains the additional requirements which apply only to buy to let mortgage portfolios.

Condition 33 contains the additional requirements which apply only to holiday let mortgages.

Condition 34 contains the additional requirements which apply only to foreign currency mortgages.

Condition 35 contains the additional requirements which apply only where your Property is a multi-unit freehold block.

Condition 36 contains the general exclusions which apply whenever your Property is rented out.

MORTGAGE CONDITIONS 2024

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1 About these Conditions

These Conditions, together with your Mortgage Offer, Offer Conditions and Mortgage Deed, set out the terms that govern your Mortgage.

Please note that in providing your Mortgage we will process your personal information strictly in accordance with our Privacy Notice, which is available at hrbs.co.uk/privacy/.

Should you have any queries or concerns about the way in which we process your personal information, then please contact our Data Protection Officer at Principal Office, Upper Bond Street, Hinckley LE10 1NZ, telephone number 01455 894090, or by email at dataprotectionofficer@hrbs.co.uk.

Hinckley and Rugby Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registration number 206043. You can check the Financial Services Register on the FCA's website <https://register.fca.org.uk/s/> or by contacting the FCA on 0800 111 6768. If your Mortgage is a buy to let mortgage this does not mean that your Mortgage will be a regulated mortgage contract as defined in The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

2 Meanings of particular words and phrases

2.1 Terms defined in the Mortgage Offer have the same meanings in these Conditions. In these Conditions, some words and phrases have particular meanings. These words and phrases appear in bold print and start with a capital letter and their meanings are set out below.

Additional Borrowing means a further advance of monies provided to you after the Completion Date following receipt of an application from you (to be assessed in accordance with the Society's criteria at the time of application and which the Society has no obligation to provide) which will be subject to a new Mortgage Offer but may or may not require a new Mortgage Deed.

Additional Mortgage Security means the additional security in favour of the Society as set out in the Mortgage Offer to allow the Society to lend you more than it would otherwise have been possible.

Borrower means the person or persons named as the borrower (including any Non-Proprietor Borrower) in the Mortgage Offer and includes their personal representatives or successors in time. If two or more persons are the Borrower, then Borrower means all of them together and each one of them separately.

Buy to Let Mortgage Conditions means Condition 31 which we will specify in the Mortgage Offer if they are to apply to your Mortgage.

Buy to Let Mortgage Portfolio Conditions means Condition 32 which we will specify in the Mortgage Offer if they are to apply to your Mortgage.

Completion Date means the date on which we release funds for the Loan; that is to say, the day we post a cheque, or make an electronic transfer of money, to you or your solicitor or conveyancer, or to any other person on your behalf.

Conditions means these mortgage conditions and a Condition means any one of them.

Corporate Entity means a company formed and registered in accordance with the Companies Act 2006 or a partnership formed and registered in accordance with the Limited Liability Partnerships Act 2000.

Costs means all costs and expenses we incur, as set out in Condition 12.8.

Default Rate means the default rate of interest agreed between the Borrower and the Society from time to time or, if no such rate has been agreed, a rate of five per cent (5%) per annum higher than the Interest.

Fee means any fee we charge under Condition 12.1.

Finance Document means the Mortgage Offer, the Offer Conditions, the Mortgage Deed, the Conditions, the Guarantee, the Rules, and any documents in replacement of or supplemental to the foregoing.

Foreign Currency Mortgage Conditions means Condition 34 which we will specify in the Mortgage Offer if they are to apply to your Mortgage.

Guarantee means a personal guarantee and indemnity given by an Individual in favour of the Society in respect of a Mortgage provided to a Borrower who is a Corporate Entity.

Guarantor is any person who has agreed to guarantee your obligations under the Mortgage and includes the Guarantor's personal representatives.

Holiday Let Mortgage Conditions means Condition 33 which we will specify in the Mortgage Offer if they are to apply to your Mortgage.

Individual means a natural person.

Interest means interest at the rate that applies to your Mortgage as specified in the Mortgage Offer. The rate of Interest may vary from time to time in accordance with Condition 7.

Lenders' Handbook means the Part 1 and Part 2 of the UK Finance Mortgage Lenders' Handbook in so far as it applies to the Society.

LPA means the Law of Property Act 1925.

Loan means any money which we lend to you under the Mortgage. It includes Additional Borrowing and further loans made after the date of the original loan where you and we agree that they are to be secured under the Mortgage Deed. In releasing any Loan money to you, we do not guarantee that either the price or condition of the Property is reasonable. You must satisfy yourself on these points.

Month means a calendar month.

Monthly Payment means the amount which you must pay each Month on the Payment Day. Your initial Monthly Payment will be shown on your Mortgage Offer, but we may change the Monthly Payment in accordance with Condition 5.4.

Mortgage means the entire legal agreement under which we agree to make a Loan to you and includes the Mortgage Deed, these Conditions, your Mortgage Offer and Offer Conditions, the Tariff and any other document entered into in connection with any of them. If we have agreed to make more than one Loan to you, the Mortgage includes the terms and conditions of each Mortgage Offer.

Mortgage Deed means any deed of legal charge that you sign, and which says that these Conditions are incorporated in it.

Mortgage Offer means our written offer of a Loan to you, including any terms and conditions referred to in it. Your Mortgage Offer may consist of more than one document.

Mortgage Property Assessment means the report on the Property which was prepared for us as part of your application for the Mortgage in order to allow us to assess the value of the Property.

Mortgage Term means the period of time during which you agree to repay the Loan to us as specified in your Mortgage Offer.

Mortgagor means the person or persons named as the mortgagor in the Mortgage Deed and includes their personal representatives or successors in time. If two or more persons are the Mortgagor, then Mortgagor means all of them together and each one of them separately. The Mortgagor may or may not be the same as the Borrower.

Multi-unit freehold block Conditions means Condition 35 which we will specify in the Mortgage Offer if they are to apply to your Mortgage.

Non-Proprietor Borrower means a joint borrower who is bound by these Conditions in so far as they apply but who is not a Mortgagor.

Offer Conditions means any conditions applicable to your Mortgage as notified by us to you before the Completion Date.

Other Rights means:-

- (a) any rights to which you may become entitled in respect of the Property, including:-
 - (i) compensation or other money received or receivable in respect of damage caused to the Property or because it (or any part of it) has reduced in value, or been compulsorily purchased;
 - (ii) any agreement, option, right of pre-emption, guarantee or indemnity relating to the Property or its construction, state, or condition
 - (iii) any share in or rights of membership in a management company, or tenants' or residents' association;
 - (iv) the benefit of any right to obtain the improvement of, or any payment in connection with, any roads, sewers, drains and other services or amenities;
 - (v) any policy providing insurance against title defects or adverse rights; and
- (b) any other benefits which you may have or receive in respect of the Property, but not including money or grants payable to you in respect of maintenance or improvement or money from the insurance which is dealt with in Condition 10.

Party means a party to any of the Finance Documents and "Parties" shall be construed accordingly.

Payment Day means the day in each Month your Monthly Payment is due to be paid. We will notify you of the Payment Day if it is not specified in the Mortgage Offer.

Property means all the Property (or any part of it) described in the Mortgage Deed. It includes all fixtures and buildings of any kind (including fixtures and buildings added after the Completion Date).

Property Assessment Report means a report on the Property from a surveyor acceptable to the Society on the value and condition of the Property.

Rules means the rules of the Society in force from time to time.

Security Interest means any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

Sterling means the lawful currency of the United Kingdom from time to time in place.

Tariff means a list of Fees and charges that apply to your Mortgage.

Total Debt means the total amount you owe us under the Mortgage. It includes all Loans, Interest, Costs and Fees.

2.2 In these Conditions:

- 2.2.1 “We”, “us”, “our” and “the Society” refer to Hinckley and Rugby Building Society, and anyone who takes over the Mortgage from us.
 - 2.2.2 “You” and “your” refer to the Borrower and anyone who takes over your responsibilities for the payment of the Mortgage. If there is more than one Borrower then all these Conditions apply equally to all of you and separately to each of you. It is important to note that this means that each of you is responsible on your own for the whole of the Total Debt, and not just a part or proportion of it.
 - 2.2.3 When we use expressions like “for example”, “including” and “in particular”, that means that the wording surrounding them is illustrative only and the expressions are not meant to limit the meaning of the surrounding wording.
 - 2.2.4 A reference to a person shall include to an Individual, firm, Corporate Entity or unincorporated body of persons.
 - 2.2.5 Any references to an Act of Parliament include any changes made to it and any legislation that replaces it.
 - 2.2.6 If you have more than one Loan, references to the Loan are references to each Loan considered separately and references to Monthly Payments, the Mortgage Term and the Payment Day mean the Monthly Payments, Mortgage Term and Payment Day which apply to the Loan in question if they are different.
 - 2.2.7 If there is any inconsistency between these Conditions and the Mortgage Offer, the terms of the Mortgage Offer will apply.
- 2.3 The headings in these Conditions are not to be taken into account in interpreting them.
- 2.3.1 When things are referred to in the singular (for example, “notice”), they include the plural (for example, “notices”) and the other way around, unless the context indicates otherwise.
 - 2.3.2 Please see Condition 23.5 for the meaning of “personal notice”.

3 Membership

- 3.1 If you are an Individual, you will automatically become a borrowing member of the Society when the Mortgage is completed and you will be bound by the Rules.
- 3.2 If we transfer the Mortgage under Condition 22 and you cease to be a member, the Rules will cease to apply in respect of the Mortgage.

4 The Security

- 4.1 The security created by the Mortgage Deed is security for the Total Debt and will not be released until the Total Debt has been repaid in full.
- 4.2 If there are any other Security Interests affecting the Property apart from ours, then, unless we have priority over them or we have agreed in writing that they may remain in place, we may pay them off on your behalf. You must repay to us any amounts we pay when we call on you to make payment. Interest on these amounts will be charged from the date we call for payment until you pay us.
- 4.3 By signing the Mortgage Deed you and any Non-Proprietor Borrower are accepting, agreeing to and covenanting to comply with the terms of the Mortgage Offer, Conditions and these Conditions.

BY SIGNING THE MORTGAGE DEED, THE NON-PROPRIETOR BORROWER WILL BECOME LIABLE AS WELL AS THE BORROWER. A NON-PROPRIETOR BORROWER SHOULD TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING THE MORTGAGE DEED

5 Repayment

- 5.1 Your Mortgage Offer will tell you whether your Mortgage type is repayment, interest-only or part-and-part. To explain each of these:
- 5.1.1 With a repayment Mortgage, we calculate your Monthly Payment so that you repay what you owe with Interest in equal instalments over your Mortgage Term.
 - 5.1.2 With an interest-only Mortgage, your Monthly Payment will only pay us the Interest we charge. You'll have to pay the rest of the money you owe us (including and Fees and Costs) at or by the end of your Mortgage Term.
 - 5.1.3 With a part and part Mortgage you pay off some of the Interest and capital over the Mortgage Term (as with a repayment mortgage), but part of your Monthly Payment will only cover Interest (as with an interest-only mortgage). When the Mortgage Term comes to an end there will still be some money left to pay off on the interest-only element.
- 5.2 You must repay the Total Debt by the end of the Mortgage Term.
- 5.3 You must make Monthly Payments. Your Monthly Payments won't cover any arrears or Fees and Costs, so if you go into arrears or incur any Fees and Costs during your Mortgage Term you'll need to make separate arrangements to repay them by the end of the Mortgage Term if you have not been able to pay them off in the meantime – we'll tell you what your options are at the time. Arrears and Fees and Costs will form part of the Total Debt secured by the Mortgage Deed.
- 5.4 Monthly Payments may be adjusted up or down to take account of changes in the rate of Interest, the amount of the Total Debt or the Mortgage Term, any other changes to the terms of the Mortgage (including any change in the repayment method) that we may agree to or the ending of any particular feature of the Mortgage (such as a fixed or discounted interest rate). Where you have a foreign currency mortgage, Monthly Payments may also be adjusted to take account of variations in currency values (see Condition 34).
- 5.5 We may change your Payment Day for your Monthly Payment at any time to reflect a change in the law, regulatory requirements or codes of practice, or to allow for technological changes. If we do change your Payment Day, we will give you at least two Months' notice before the change takes effect.
- 5.6 You can ask us to change your Payment Day, to the 8th, 15th, 22nd or last banking day of the month, at any time. Except in cases of forbearance (where we will act reasonably and in your best interests) we will normally (but are not obliged to) agree to this, provided that you are up to date with all your Monthly Payments and the request does not indicate that you are unable to make your Monthly Payments.
- 5.7 The Monthly Payment may be rounded up to the nearest pound.
- 5.8 If we allow you to pay your Mortgage (or any part of it) on an interest-only basis you will at the end of the Mortgage Term repay the Total Debt to us from your own resources.
- 5.9 It is your responsibility to check that any repayment strategy is or will be adequate to redeem your Mortgage at the end of the Mortgage Term. You should also ensure that you have sufficient life insurance cover to repay the Mortgage in the event of your death. Interest will continue to be charged until the Total Debt is repaid.
- 5.10 We will use any payments you make to us or we otherwise recover under the Mortgage in the following way. First, we will use them towards payment of any arrears of Monthly Payments. Any balance will be used towards payment of any Interest you owe and any outstanding Costs or Fees, in such order as we may decide. Any remaining balance after that will be used to reduce the principal amount of the Loan.

6 Interest

- 6.1 You must pay Interest on the Loan. Interest will be calculated on a daily basis and compounded monthly, and is payable as part of the Monthly Payments. However, each Monthly Payment will be calculated on the basis of one-twelfth of a year, and not on the basis of the exact number of days in the particular Month.
- 6.2 Interest for the period from the Completion Date of any Loan to the last day of that Month should be paid separately to us. We will advise you of this amount following the release of the Loan.
- 6.3 Any Interest due in any Month which is not paid by the last day of that Month will itself attract Interest.
- 6.4 You should note that you will pay more Interest if you make your Monthly Payment on a day later than the Payment Day.
- 6.5 In calculating Interest, percentages will not be taken beyond three decimal places.
- 6.6 Interest will continue to be charged even if we get a court order against you for payment of some or all of the Total Debt.
- 6.7 If you do not pay the Total Debt at the end of the Mortgage Term, including in the event of non-repayment of an interest-only Loan at the end of the Mortgage Term, we will charge Interest at our Homeowner Variable Rate or, in the case of a buy to let mortgage, our Landlord Variable Rate.

7 Variation of Interest rate

- 7.1 Unless stated otherwise in the Mortgage Offer, we can change the Interest rate from time to time as set out in the following Conditions.
- 7.2 We will give you personal notice to tell you about a change, and to notify you of your revised Monthly Payment. If the change is an increase, this will be in reasonable time before it takes effect.
- 7.3 The Interest rate can be reduced without notice, but we will inform you at the earliest opportunity.
- 7.4 We can change the rate of Interest for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):-
- 7.4.1 to respond to changes in the Bank of England base rate, or mortgage or investment rates generally;
 - 7.4.2 to respond to changes in the law or the decisions of a court or ombudsman;
 - 7.4.3 to respond to changes in relevant regulatory requirements;
 - 7.4.4 to respond to new (or changes to) statements or codes of practice designed to enhance consumer protection;
 - 7.4.5 to respond to changes in the costs incurred by us in providing the Mortgage (such as our funding or administration costs, or regulatory or compensation scheme levies and charges);
 - 7.4.6 to respond to any increased cost or risk incurred by us as a result of any change of use of the Property or its occupation (for example, if the Property is let);
 - 7.4.7 to enable us to maintain our financial strength, in a reasonable and prudent manner, for the benefit of all our members; or
 - 7.4.8 for any other reason set out specifically in the Mortgage Offer.

- 7.5 Any change that we make to the rate of Interest will be proportionate to the circumstances giving rise to the change.
- 7.6 If the Interest rate is set by reference to an externally published rate (for example Bank of England Base Rate), and that rate stops being set or published, or there is a significant change to the way it is calculated or set, and we are unable to reasonably identify a replacement rate, we can choose a new reference rate that will be tracked. When we do so we will act reasonably in choosing a replacement reference rate, and that reference rate will not be set by us. We will give you at least two Months' notice before we apply any replacement rate.

8 Rights relating to the Property and powers of attorney

- 8.1 By signing and completing the Mortgage Deed you transfer to us, as part of our security over the Property, the benefit of any and all Other Rights.
- 8.2 If you receive any money arising from Other Rights, you must hold it on our behalf.
- 8.3 Our rights under Conditions 8.1 and 8.2 will last while the Mortgage is in existence.
- 8.4 By signing and completing the Mortgage Deed, you give us a power of attorney (that is, a power to act on your behalf) to recover any money due in respect of Other Rights, including taking any necessary legal action.
- 8.5 You also give us a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these Conditions and also to transfer any shares you may hold in any tenants' or residents' association or management company in connection with the Property if we sell the Property under Condition 16.
- 8.6 The powers of attorney in Conditions 8.4 and 8.5 are given to us as security for the Total Debt and cannot be withdrawn by you. They will, however, come to an end when the Mortgage comes to an end. You also grant a separate power of attorney, by way of security, to any receiver we may appoint.
- 8.7 We will not use the powers of attorney unless one of the events mentioned in Condition 13 has occurred and we have told you that our right to use the power has arisen.
- 8.8 If the Property is held on a lease, and you want to extend the lease or buy the freehold of the Property or the building which includes the Property, then you must tell us. Our security under the Mortgage Deed automatically covers any extended lease or freehold interest from the time of the extension or acquisition. You must sign any additional documentation that we may reasonably require to confirm this.

9 Your obligations

- 9.1 Until the Mortgage has come to an end you must do the following:-
- 9.1.1 comply with all the terms and conditions of the Mortgage;
 - 9.1.2 put the Property and keep it in good repair and condition;
 - 9.1.3 properly finish (without delay) any building work on the Property;
 - 9.1.4 pay all rents, rates and other charges payable in respect of the Property when due;
 - 9.1.5 comply with all legal restrictions, obligations and conditions affecting the Property;
 - 9.1.6 comply with all planning, housing and environmental laws and the requirements of local and other authorities;

- 9.1.7 send us within seven days a copy of any notice received from a local authority or other third party (such as a landlord) that might be important in respect of the Property;
 - 9.1.8 allow our representatives access to the Property to check on its condition and use, so long as we give you reasonable notice and specify a reasonable time;
 - 9.1.9 allow us to hold any deeds or documents relating to the Property if we so require;
 - 9.1.10 sign and execute all documents and do all other things that we may reasonably require to ensure that the security granted to us by the Mortgage Deed is in full force and effect;
 - 9.1.11 if we reasonably so require, grant to us (or to any person to whom we sell or intend to sell the Property in exercise of our power of sale) any rights of access, light or other amenities over any land owned by you neighbouring the Property, if they are reasonably necessary for the use of the Property;
 - 9.1.12 tell us about any significant dispute affecting the Property or any lease of it;
 - 9.1.13 if the Property Assessment Report refers to the Property being in an area that is recognized as having a higher incidence of Radon Gas then it is your responsibility to contact the Local Environmental Health Department covering the area where the Property is situated, to obtain further information on Radon Gas and the likelihood of its occurrence in the area;
 - 9.1.14 promptly give us information about the Property which we may reasonably request at any time;
 - 9.1.15 if requested by us, give to us the share certificate or membership certificate you may hold in a management company or residents' association or similar body together with a blank form of transfer of the shares signed by You.
- 9.2 Until the Mortgage has come to an end you must NOT do any of the following in relation to the Property unless we have agreed in writing that you can:-
- 9.2.1 apply for any improvement or other grant;
 - 9.2.2 change its structure, demolish it, or change its use;
 - 9.2.3 sell, transfer, or otherwise dispose of it;
 - 9.2.4 create any letting, lease or licence, or terminate or change any lease (and any statutory right you may otherwise have to do this will not apply) or otherwise part with possession of it;
 - 9.2.5 create (or allow to exist) any Security Interest other than this one;
 - 9.2.6 change the use of the Property or apply to any planning, local or relevant authority to change the use;
 - 9.2.7 use the Property for any trade or business;
 - 9.2.8 do, or permit to be done, any act or thing that would or might depreciate, jeopardise, or otherwise prejudice the security held by the Society or material diminish the value of the Property or the effectiveness of the security created by the Mortgage;
 - 9.2.9 agree to any new obligation, interest or restriction or overriding interest to be created which affects the Property (for example, by granting a right for someone else to have a share in the proceeds of sale of the Property, a right for a neighbouring property to limit how the Property is used or to a right over the Property);

2.2.10 exercise any VAT option to tax in relation to the Property; or

2.2.11 create any circumstances (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.

9.3 We will not unreasonably refuse a request from you to do something under Condition 9.2 (apart from 9.2.11), but we may require a Fee or additional Interest to be paid as a condition of giving our consent. The amount of any Fee may be set out in the Tariff. If it is not, we will set the Fee or additional Interest at a reasonable amount in the light of the circumstances in question.

9.4 Unless expressly provided otherwise, if there is more than one Borrower or there is a Borrower and a Non-Proprietor Borrower then each Party shall be jointly and severally liable to us for complying with the terms of the Mortgage and we may take any action against, or release or compromise the liability of any Party or grant time or other indulgence without affecting the liability of any other Party.

10 Insurance

10.1 The Property must be adequately insured at all times. The insurance must cover loss or damage by fire and such other risks as we may reasonably require. The amount of the insurance cover must be initially at least the amount required in the Mortgage Offer.

10.2 Unless we have agreed to arrange the insurance, you must arrange it yourself. If you fail to do so, or if your insurance is not approved by us under Condition 10.4, then we may (but we are not obliged to) arrange the insurance.

10.3 If we arrange the insurance, we will use an insurance broker or insurance company of our choice and this may be one of our associated companies. We will not have to pay on to you any commission we earn for arranging the insurance. We may change the broker or insurer from time to time. You must pay (or reimburse us for the Cost of) the premiums and any other Costs incurred in arranging the insurance.

10.4 If you are to arrange the insurance, then the insurance company and the terms of the policy must be approved by us. We will not unreasonably refuse our approval, but we may charge you a Fee for checking the policy. The amount of the Fee is set out in our Tariff and may be changed in accordance with Condition 12.5. You must pay the premiums when due and provide us with evidence that you have paid the premiums, as and when we reasonably request it. However, we are not under any obligation to you to check that your policy is in force.

10.5 We are not under any obligation to you to check the adequacy of the insurance. It is your responsibility to make sure that the insurance is adequate at all times. The amount of the insurance cover must be increased as necessary so as to ensure that this is the case.

10.6 If there is a possible claim on the insurance, then you must make a claim. We may take control of the claim and (acting reasonably) agree settlement with the insurance company. The power of attorney you give us in Condition 8.5 covers this.

10.7 If the Property is leasehold and insured by the landlord you must, on request, show us such documentation relating to the policy as we may reasonably require. The insurance company and the terms of the policy must be approved by us, but we will not unreasonably refuse approval.

10.8 You have the right to choose whether any money received by you or us from any insurance in respect of the Property is used in making good the damage or loss that was the reason for the claim or in or towards repayment of the Total Debt, unless the Property cannot lawfully be repaired, or the Total Debt has become payable under Condition 13. In those cases, the money must be applied in or towards repayment of the Total Debt unless we agree otherwise.

10.9 You must not do or allow anything to be done that might make the insurance invalid.

- 10.10 You must not, without our written consent, put in place any buildings insurance in respect of the Property, other than the insurance required by this Condition 10. We will not unreasonably refuse our consent.
- 10.11 Any money received by you from any insurance relating to the Property must be held on our behalf unless and until it is used as required by Condition 10.8.

11 Our Power to Remedy

- 11.1 If you do not carry out any of your obligations under the Mortgage, we may (but we do not have to) carry them out. For this purpose we may need to have reasonable access to the Property, which you agree to give us. If we have access this does not mean we have taken possession of the Property.
- 11.2 Without limiting Condition 11.1, if the Property is leasehold we may take any steps (including paying any money due to the landlord) that we reasonably consider necessary to prevent termination or forfeiture of the lease.
- 11.3 If we incur any Costs as a result of our acting under Condition 11.1 or 11.2, you must reimburse us as soon as we ask you to. If you do not, the amount of the Costs will form part of the Total Debt.
- 11.4 If we have more than one account for you, we may at any time after an event described in Condition 13 has occurred:
- 11.4.1 combine or consolidate all or any sums of money now or hereafter standing to your credit any existing accounts with us with your liabilities to us; and
 - 11.4.2 set-off or transfer, without prior notice, all or any part of the balance standing to the credit of any account to any other account that may be in debit in or towards satisfaction of any of your liabilities to us on any other account or in any other respect.
- 11.5 The liabilities referred to in Condition 11.4 may be actual, contingent, primary, collateral, several or joint liabilities, and the accounts, sums may be denominated in any currency. If the amounts concerned are expressed in a different currency then we may exercise all such rights and is authorised to effect any necessary conversions at our then prevailing spot selling rate of exchange as determined by us.
- 11.6 If the relevant obligation or liability is unliquidated or unascertained we may set-off the amount it estimates (in good faith) will be the final amount of such obligation or liability once it becomes liquidated or ascertained.

12 Fees and Costs

- 12.1 We may charge Fees in relation to the operation of your account and for providing any service in connection with the Mortgage.
- 12.2 Fees specific to your Mortgage are set out in your Mortgage Offer.
- 12.3 Details of our other standard Fees are set out in our Tariff. We will send you a copy of our current Tariff at least once a year, but you can obtain a copy of this at any time by contacting us or looking at our website.
- 12.4 We will notify you of any Fees charged. They will form part of the Total Debt unless and until paid.
- 12.5 We can (unless otherwise stated in the Mortgage Offer) change the Fees we charge at any time. Changes may include the abolition of, or amendment to, existing Fees or the introduction of new Fees, and may be made if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):-

- 12.5.1 to respond to changes in the costs (including tax) we incur in providing the service, or carrying out the function, to which the Fee relates;
 - 12.5.2 to meet relevant regulatory requirements;
 - 12.5.3 to respond to new (or changes to any) statements or codes of practice designed to enhance consumer protection.
Any change that we make to our Fees will be proportionate to the circumstances giving rise to the change.
- 12.6 Where we introduce new Fees, or increase existing Fees, we will tell you about the change, not less than 30 days before it takes effect, as follows:-
- 12.6.1 by personal notice; or
 - 12.6.2 by sending you a copy of our revised Tariff.
- 12.7 A change which abolishes a Fee, or reduces the amount of an existing Fee, may be introduced with immediate effect and without notice.
- 12.8 You must also reimburse us for all reasonable expenses that we, or any receiver appointed by us, may incur. These Costs may arise if:-
- 12.8.1 you fail to do what you have promised to do under these Conditions including failing to comply with a material term or conditions of the Mortgage;
 - 12.8.2 we exercise any of the rights we have under these Conditions or by law;
 - 12.8.3 if we take any action to safeguard our security; or
 - 12.8.4 under Conditions 10.3, 11.3, 17.1 or 19.
- Costs may include a reasonable amount in respect of our internal administrative expenses. They may also include legal costs of a reasonable amount which we have reasonably incurred.
- 12.9 Where it is possible to estimate the expenses we are likely to incur in particular situations, the amount of the Costs will be set out in our Tariff. When they are set out in the Tariff they may be changed for any of the reasons set out in Condition 12.5.
- 12.10 We will notify you of any Costs incurred.

13 Events on which the Total Debt becomes payable

- 13.1 If any of the events set out in Condition 13.2 happen, you are required to pay the Total Debt immediately, unless we waive this Condition.
- 13.2 The events mentioned in Condition 13.1 are:-
- 13.2.1 you do not pay when due, and still owe us, an amount equal to two Monthly Payments or more;
 - 13.2.2 you fail to comply with any other material term or condition of the Mortgage and fail to put the failure right within 30 days of our giving you written notice requiring you to do so;
 - 13.2.3 the Property is destroyed or demolished without our consent;

- 13.2.4 if you are an Individual, you become unable or admit your inability to pay your debts as they fall due or are deemed unable to pay your debts within the meaning of Section 268(1) of the Insolvency Act 1986, or you suspend or threaten to suspend making payments on any of your debts or, by reason of actual or anticipated financial difficulties, commence negotiations with one or more of your creditors with a view to rescheduling any of your indebtedness; you are subject to a bankruptcy petition or order; or any action, legal proceedings or other procedure or step is taken in relation to (i) a composition, compromise, assignment or arrangement with any of your creditors; or (ii) the appointment of a trustee in bankruptcy, receiver or other similar officer in respect of you or any of your assets; or (iii) enforcement of any Security Interest over any of your assets, or any analogous procedure or step is taken in any jurisdiction;
- 13.2.5 if you are a Corporate Entity, you become unable or admit your inability to pay your debts within the meaning of Section 123 of the Insolvency Act 1986 (but omitting the reference to "it is proved to the satisfaction of the court that"), suspend or threaten to suspend making payments on any of your debts or, by reason of actual or anticipated financial difficulties, commence negotiations with one or more of your creditors with a view to rescheduling any of your indebtedness; or any corporate action, legal proceedings or other procedure or step is taken in relation to (i) the suspension of payments, a moratorium of indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) in each case of you; or (ii) a composition, compromise, assignment or arrangement with any of your creditors; or (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of you or any of your assets; or (iv) enforcement of any Security Interest over any of your assets; or any analogous procedure or step is taken in any jurisdiction;
- 13.2.6 if you are an Individual, you die or become incapable of managing your affairs;
- 13.2.7 if you are a Corporate Entity, any change of control of you (or if applicable, your holding company or other similar controlling entity) whereby any person or group of persons not having a controlling interest of you (or if applicable, your holding company or other similar controlling entity) on the date of the agreement acquires a controlling interest of you (or if applicable, your holding company or other similar controlling entity);
- 13.2.8 if you are a Corporate Entity, the sale of a material part of your business;
- 13.2.9 any Guarantor or Non-Proprietor Borrower dies, becomes bankrupt or becomes unable to pay their debts, unless there is a replacement Guarantor or Non-Proprietor Borrower who is acceptable to us;
- 13.2.10 any Guarantor or Non-Proprietor Borrower repudiates or terminates any Guarantee or Security Interest in support of your obligations under the Mortgage, or attempts to do so;
- 13.2.11 the Property becomes subject to a compulsory purchase order, or it is acquired or requisitioned by any authority legally entitled to do so;
- 13.2.12 you abandon the Property;
- 13.2.13 any security for the Mortgage becomes unenforceable;
- 13.2.14 you have been guilty of any fraud or have dishonestly provided us with misleading information in relation to the Mortgage; or

- 13.2.15 any event occurs (or circumstances exist) which in our reasonable opinion has or is likely to materially and adversely affect your ability to perform all or any of your obligations under, or otherwise comply with the terms of the Mortgage.
- 13.2.16 any representation, warranty or statement made, or deemed to be made, by you in consideration of the Mortgage is, or proves to have been, incorrect or misleading when made or deemed to be made.

14 Default Rate

- 14.1 Any amount which is not paid under the Mortgage when due shall bear interest (both before and after judgment and payable on demand) from the due date (or, in the case of Costs, Fees or expenses incurred, from the date they are so incurred) until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the Default Rate.
- 14.2 Interest at the Default Rate will be calculated on the basis of the actual number of days elapsed and a year of 365 days and will be compounded at Monthly intervals.

15 Indulgence

- 15.1 We may, at our discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person or persons not being a party to Mortgage (whether or not any such person is jointly liable with the Borrower) in respect of any of the Total Debt, or of any other security for them without prejudice either to this Mortgage or to the liability of the Borrower.
- 15.2 You waive any right that You may have to require the Society to take any action or obtain judgment in any court against any other person including making or filing a claim in a bankruptcy, liquidation, administration, or insolvency or make a demand, or enforce any claim, right or remedy against any other person before enforcing this Mortgage.

16 Our remedies

- 16.1 The statutory powers that we have as a mortgage lender under the LPA will come into force the day after the Mortgage. For the purposes of these powers, the Total Debt will be treated as due then.
- 16.2 When the Total Debt becomes immediately due and payable under Condition 13, we may exercise the powers given to mortgagees by the LPA free from any of the restrictions contained in Section 103 of the LPA that might otherwise apply. In particular, we may do one or more of the following:-
- 16.2.1 take possession of the Property and require you to leave it;
- 16.2.2 appoint a receiver (who may be a person employed by us) or exercise any power given to a receiver under Condition 16.4 below;
- 16.2.3 sell the Property by any method we reasonably consider appropriate (including selling in parts), taking into account the nature of the Property and its condition at the time of sale or disposal;
- 16.2.4 let the Property, furnished, or unfurnished, at such a rent and on such terms as we reasonably think fit, or bring any letting to an end;
- 16.2.5 repair, alter or improve the Property as we reasonably think fit, in order to preserve the Property or our security;
- 16.2.6 transfer any share or membership right in any management company or residents' association or society connected with the Property of which you are or are entitled to become a member;

- 16.2.7 sever and sell separately any fixtures and fittings from the Property without your consent;
 - 16.2.8 insure the Property either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by you;
 - 16.2.9 redeem any prior encumbrance or security over the Property and settle accounts to which the encumbrance or security relates;
 - 16.2.10 employ any agents or workmen for the purposes mentioned above.
- 16.3 No purchaser or other person dealing with us or any receiver need enquire whether the Total Debt has become immediately due and payable or whether any power has become exercisable, or to check on the use made of any money paid to us or to any receiver.
- 16.4 A receiver:-
- 16.4.1 will be entitled to be paid reasonable fees or commission, and will be appointed by us on such other terms as are reasonable in the circumstances;
 - 16.4.2 will be your agent (and you will be responsible for the receiver's acts, omissions, contracts, engagements, defaults, losses and remuneration), except if the receiver is our employee;
 - 16.4.3 will be entitled, in addition to the receiver's statutory powers, to collect and receive any rents from the Property, and to exercise any power (including selling the Property) which we would be able to exercise under the Mortgage;
 - 16.4.4 may do all such acts and things as they consider desirable or necessary for realising any of the Property, they may consider incidental or conducive to any of the rights or powers conferred on the receiver under or by virtue of the Mortgage or law and which they lawfully may or can do as Your agent; and
 - 16.4.5 will be entitled to employ any agents or workmen to do things on their behalf.
- 16.5 If we sell the Property and the amount we obtain for it (after deducting all our expenses) is insufficient to repay the Total Debt, you agree, independently of any other Conditions, to pay us the shortfall with Interest calculated in the manner set out in Condition 14.

17 Redemption

- 17.1 Subject to Condition 17.2, you may pay off the Mortgage at any time by repaying the Total Debt (together with Interest up to the date of repayment and including any Fees and Costs) and any early repayment charges specified in the Mortgage Offer. You must also pay us any Costs that we have to pay any third party (such as the Land Registry) in connection with the redemption.
- 17.2 We may require you to repay all other mortgages you have with us before we release the security given to us by the Mortgage. Section 93 of the LPA (which might otherwise prevent us from relying on this) will not, therefore, apply.

18 Mistakes

If we release the Mortgage in error (because, for example, we miscalculate the amount of the Total Debt) we may claim from you any amount still owing. However, we will not be entitled to do this if we do not give you notice in writing within three months of the date of release (unless you or any Guarantor was aware of the mistake at the time of the release), or if you can show that you have changed your financial position to your disadvantage, as a result of the error, at a time when you were not aware of it.

19 Furniture, etc.

If we take possession of the Property or appoint a receiver of it, we may remove, store and/or sell any furniture, personal items, or animals in it. We will notify you before we do this. You will be responsible for any Costs we reasonably incur. We will account to you for any sale proceeds we receive (after deducting our reasonable expenses), but otherwise we will not be responsible for any loss caused to you, providing we take such care as is reasonable in the circumstances. This power does not give us any interest in, or charge over, furniture, personal items or animals.

20 Living overseas

20.1 If you move, or intend to move to live outside the UK, you must promptly give us your new address.

20.2 If you move, or we reasonably believe that you have moved, to live outside the UK, and we believe that your move outside the UK may cause us to:

20.2.1 break any laws or regulations in the UK or elsewhere; or

20.2.2 be subject to action from any government, regulator or other authority in the UK or elsewhere, we may not be able to provide you with your Mortgage or some other services (such as transfers or Additional Borrowing). We may also ask you to repay the Total Debt.

20.3 If we ask you to repay the Total Debt under the terms of this Condition 20, we will give you 6 months' notice unless the regulator in the country in which you are living or the UK regulator insists we ask you to repay the Total Debt sooner. In that case, we will give you less notice. At the end of the notice period you must pay immediately if you haven't already done so. This is in addition to any requirement to repay immediately under Condition 13.

20.4 If you don't pay the Total Debt, we might get a court order to gain possession of your Property to allow us to sell it. We can also exercise any of our rights under Condition 16.

21 Guarantors

21.1 Your Mortgage Offer may require you to provide a Guarantor for your Mortgage. By signing the Guarantee, the Guarantor agrees to pay your Total Debt if you fail to do so and agrees to this Condition 21.

BY GIVING A GUARANTEE, THE GUARANTOR MAY BECOME LIABLE INSTEAD OF, OR AS WELL AS, YOU. A GUARANTOR SHOULD TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING THE MORTGAGE GUARANTEE.

21.2 If there is a Guarantor, then the following provisions apply:-

12.2.1 The Guarantor agrees with the Society to guarantee all of your obligations to us under the Mortgage, and to pay us on demand any sums of money due from you under the Mortgage but unpaid, including all amounts comprising the Total Debt.

21.2.2 Any arrangements that we make with you will not affect the obligations of the Guarantor to pay your Total Debt if you fail to do so. In particular, the liability of the Guarantor will not be affected whether or not:-

(a) (we have made a previous demand, or the Guarantor has made a previous payment;

(b) we allow you or the Guarantor additional time to make any payment or any other concession;

(c) we make any amendment or variation to the terms of the Mortgage (however fundamental);

- (d) we take any other security in relation to the Total Debt, or any such security is not enforceable for any reason;
 - (e) you (or any of you) or any person comprising the Guarantor dies, become insolvent or incapable of managing their affairs; or
 - (f) anything else happens, or any action is taken or not taken, which might (apart from this Condition) affect the liability of the Guarantor.
- 21.2.3 The Guarantor does not have any rights or interests in any money held by us or acquired by us, whether from you or any other source, towards the reduction of the Total Debt.
- 21.2.4 The Guarantor agrees:-
- (a) Not to share in any security we have or take any security from you or any other person in connection with this Guarantee;
 - (b) Not to enforce any right or pursue any claim against the Borrower or any other persons in respect of the Mortgage; and
 - (c) Not to make any claim which would compete with ours, unless and until the Total Debt has been repaid in full.
- 21.2.5 The Guarantor will not be responsible for any additional Loan which is advanced to you after the original Loan unless the Guarantor has consented to that additional Loan in writing.
- 21.2.6 Unless the Guarantor agrees otherwise, the Guarantor's liability is limited to the amount of the original Loan together with all Interest, Costs and Fees forming part of the Total Debt which relate to that Loan.
- 21.2.7 If there is more than one Guarantor, each Guarantor is jointly and severally liable under the Guarantee.
- 21.2.8 Our rights against any Guarantor are independent of, and additional to, any other security we have for the Total Debt. We do not have to use our rights in respect of any other security before using our rights to claim against the Guarantor.
- 21.2.9 No failure or delay by us in using any of our rights against the Guarantor will prevent us from using those rights in the future.
- 21.2.10 We may hold any money we receive from a Guarantor in a separate suspense account.
- 21.2.11 You consent to our providing information about the Mortgage to the Guarantor.
- 21.2.12 Unless expressly provided otherwise, if there is more than one Guarantor then each party shall be jointly and severally liable to us for complying with the terms of the Guarantee and we may take any action against, or release or compromise the liability of any party or grant time or other indulgence without affecting the liability of any other party.

22 Transfer of the Mortgage

- 22.1 We may at any time transfer some or all of our rights under the Mortgage and/or a Loan (including our rights against any Guarantor) to any person, whether or not a building society.
- 22.2 In connection with such a transfer:-

- 22.2.1 if it is a full transfer of your Mortgage, you will, if an Individual, cease to be a member of the Society in respect of the Mortgage, and our Rules will cease to apply (although if the transferee is a building society, you may become a member of the transferee, in which case its rules will apply);
- 22.2.2 we may disclose any information relating to you and the Mortgage;
- 22.2.3 unless the terms of the transfer state otherwise, the person to whom we transfer the Mortgage will be able to exercise all the rights and powers that we could exercise before the transfer; and
- 22.2.4 your rights under the Mortgage will not be affected.

22.3 This Condition does not apply to a transfer of the Mortgage on a merger between us and another building society, or to a transfer of our business to a company under the Building Societies Act 1986. Instead, the provisions of that Act will apply.

23 Notices

- 23.1 If we have to serve on you, or a Guarantor, a letter or other document (or, subject to Condition 23.5, another form of personal notice) under this Mortgage it will be in writing and sent to your, or any Guarantor's (as applicable), registered address or other address last known to us.
- 23.2 If we send a notice in the post we can assume you have received 72 hours after we have posted it regardless of the class of post used.
- 23.3 If there is more than one of you, then if you share the same address, we will send a single copy of the notice addressed to each of you. If you have different addresses, we will send a copy of the notice to each address.
- 23.4 If we, accidentally, fail to:-
 - 23.4.1 send to you a communication intended for our borrowers generally or a category of our borrowers of which you are one; or
 - 23.4.2 display a notice at our Principal Office or any branch office this will not make the notice invalid.
- 23.5 In Conditions 7.2, 12.6 and 26, a reference to "personal notice" means a letter or (if you have agreed with us that we are to contact you in this way) email or other forms of electronic communication. If a personal notice does not reach you because of circumstances outside of our reasonable control (such as post or electronic communications systems failure), this will not prevent the changes referred to in those Conditions from being put into effect

24 General

- 24.1 If we decide to relax any of the terms of the Mortgage, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.
- 24.2 If we cannot enforce any term of the Mortgage, this will not stop us from enforcing the others. Each term is separate from the others.

25 Which law applies?

The Mortgage is governed by the law of England and Wales.

26 Changes to these Conditions

We may change the terms and conditions applying to your Mortgage (other than regarding Interest and Fees) to reflect the requirements of any law, regulation or code of practice, to clarify any existing term or condition or make it fairer, or to enable us to enhance the terms of your Mortgage or correct any errors. We will not make any change that works to your disadvantage unless we are required (for example, by any law or regulation) to do so. We will where practicable give you at least three months' personal notice of any such change

27 Which language?

Unless you and we agree otherwise, all communications with you in relation to the Mortgage will be in English.

28 Retirement Date

If you have requested a Mortgage Term which will result in your Mortgage continuing after your proposed retirement date the Society has not checked the future adequacy of your pension. It is therefore your responsibility to check now, prior to acceptance of the Mortgage Offer, and in the future that you have and will continue to have adequate income from which to meet this Mortgage and other commitments

29 Specific requirements for certain properties

29.1 If the Property is a leasehold property (rather than a freehold property):

- 29.1.1 There must be at least 85 years remaining on the lease when the Mortgage starts and a minimum of 50 clear and unrestricted years remaining on the lease after the end of the Mortgage Term and the lease must contain satisfactory arrangements for the provision of buildings insurance, repairs, maintenance and where applicable, decoration of roofs, walls, shared and common parts and services.
- 29.1.2 You, or your solicitor on Your behalf, must ensure that a notice of our charge is served on the landlord, and that it has incorporated the following wording: 'The landlord hereby undertakes that it will ensure that it or its Solicitors serve upon the mortgagee of the Property, notice of any intended Court proceedings, forfeiture or surrender of the lease and notice of any assignment of the landlord's interest thereby giving the mortgagee or charge the opportunity of remedying any default or breach. Further, that in the event that the ground rent or other payments are not made, you will apply to the mortgagee for such payments'. Your solicitor must use their best endeavours to obtain confirmation that a receipted copy of the notice is placed with the title deeds and sent to the Society after completion.
- 29.1.3 If the landlord requires payment for acceptance of notice of the Society's Mortgage, or if the Society is required to pay any other fees or charges arising from taking a charge over a leasehold property, You will be responsible for payment of all such fees and charges.
- 29.1.4 If payment of any fees or charges is demanded directly from the Society prior to completion of the Loan, these will be deducted from the mortgage advance monies.
- 29.1.5 Fees or charges demanded from the Society after completion of the Mortgage will be payable by you by remitting payment to the Society on demand, or by debit to the mortgage account following notice.
- 29.1.6 If, under any lease of the Property the ground rent charge is (or will be at any time prior to expiry of the term of the Mortgage) in excess of £250 per annum (or £1,000 per annum in Greater London) an Assured Shorthold Tenancy indemnity must be provided in the form required by the Society.

- 29.2.1 If the Property is less than 10 years old at the Completion Date:
- 29.2.1 The Society's Solicitors must ensure that the Loan is subject to all necessary agreements being obtained in respect of roads and water, in accordance with the appropriate legislation and local authority byelaws.
- 29.2.2 A National House Building Council (NHBC) Certificate, or other acceptable alternative as listed in the Lenders' Handbook at 6.7.1 is required.

30 Additional Mortgage Security

- 30.1 On completion of this Loan the Society will obtain the Additional Mortgage Security.
- 30.2 This Additional Mortgage Security enables the Society to lend you more than would otherwise have been possible.
- 30.3 This Additional Mortgage Security protects the Society only, not You. It protects the Society only if the Society takes possession of the Property and it is sold for less than the Total Debt outstanding.
- 30.4 If the Total Debt owing to the Society is more than the sale proceeds, the Society and/or the insurance company that provides the Additional Mortgage Security for the Society (or their agents) can take action against you for full recovery of all monies owing.
- 30.5 Your attention is drawn to the 'GUIDE TO MORTGAGE INDEMNITY (ADDITIONAL MORTGAGE SECURITY)':

31 Buy to Let Mortgage Conditions

The following Conditions apply where your Property is a buy to let property, by which we mean it is being (or was) let out, whether or not the Property was purchased with the sole intention of letting it out in the course of a business carried on (or intended to be carried on) by you:

- 31.1 Unless the Mortgage is a regulated buy to let mortgage, the Property must not be occupied by the Borrower, or anyone related to the Borrower, without the prior agreement of the Society. A person is "related" to the Borrower if they are a spouse, civil partner parent, grandparent, sibling, child, grandchild, aunt, uncle, cousin, niece, nephew or any person (whether or not of the opposite sex) whose relationship to the Borrower has any of the characteristics of any of those persons;
- 31.2 That the Property must be let or will be let on an Assured Shorthold Tenancy for a term not exceeding 24 months.
- 31.3 The tenancy agreement/proposed tenancy agreement must not contain any unusual terms that would materially adversely affect the value of the Property or the security held by the Society.
- 31.4 The tenancy agreement must prohibit absolutely the tenant from assigning or subletting the Property in whole or in part.
- 31.5 The tenancy agreement/proposed tenancy agreement must be for a minimum term of 6 months and a maximum term of 24 months and the landlord should be entitled to vacant possession at the end of the agreed term.
- 31.6 All necessary notices must be served on the tenant prior to the commencement of the tenancy, including notice under Ground 1 or Ground 2 of Schedule 2 of the Housing Act 1988, or arrangements are in hand to ensure that all relevant notices will be served prior to commencement of the tenancy agreement.
- 31.7 In the case of a leasehold property, you must obtain any requisite consent from your landlord and any superior landlord to the creation of the tenancy and you must ensure that the tenancy agreement contains no provisions that are contrary to the terms of the headlease.

- 31.8 The Property must neither currently be used as a house in multiple occupation (HMO), as defined in the Housing Act 1985 or the Housing Act 2004, nor at any future date during the currency of this Mortgage term be converted into a HMO.
- 31.9 Any tenant must not be able to claim any type of immunity from legal action e.g. diplomatic immunity.
- 31.10 We reserve the right to approve any proposed letting of the Property prior to the execution of any lease/ tenancy agreement, such approval to be in writing. An administration charge will be payable in accordance with our Tariff applicable at the time of renewal. We will not unreasonably withhold our written consent to the grant of a new tenancy for a term of up to 12 months provided it is substantially on the same terms as the approved existing tenancy agreement.
- 31.11 If the Property is furnished you are responsible for obtaining the necessary soft furnishing/Corgi/ electrical certification.
- 31.12 You must comply with all relevant health and safety legislation applicable from time to time to landlords of residential property. You must seek advice if you require further assistance in relation to this.
- 31.13 Any deposit taken by you in relation to the tenancy must be held in an approved tenancy deposit scheme as defined by the Housing Act 2004.
- 31.14 You must provide to the Society proof of protection of any tenant's deposit and proof of provision of prescribed information to the tenant.
- 31.15 Letting the Property may affect buildings and/or contents insurance cover. You must ensure that any buildings insurance cover will continue during the letting of the Property in accordance with your obligations regarding insurance of the Property contained in the Mortgage Offer and Conditions.
- 31.16 Any notice or demand served by us shall be deemed to have been sufficiently given if delivered by hand or sent by pre-paid post to your last known address. Notwithstanding this, you will, in writing, immediately notify us of any permanent change of address and shall provide us with your new address.
- 31.17 If a tenancy is granted or is already in existence that does not comply with the above Conditions, it will not have our consent and will not be binding on us.
- 31.18 The Society's Solicitors must confirm that the Property meets the current regulatory requirements and be provided with a copy of the relevant Energy Performance Certificate by the Borrower or their solicitor.
- 31.19 You are recommended to carry out your own due diligence research upon the likely rental income achievable for the Property, and not to rely simply upon the Mortgage Property Assessment that has been prepared for the Society in order to assess the capital value of the Property for mortgage lending underwriting purposes.
- 31.20 In making the Mortgage Offer the Society has made assumptions as to the potential level of rental income that may be receivable; however, you must be aware that there is a possibility of a shortfall in rental income arising as a result of void periods, rental arrears, lower than expected rental income, increases in running costs or higher mortgage payments due to increased Interest rates. In the event of a shortfall in rental income you will remain liable for the Monthly Payments and if you do not comply with your obligations under your Mortgage then we may take remedial action and in the event of a shortfall in the Total Debt following a sale of the Property you would remain liable for the shortfall.
- 31.21 Property owners who let out their properties are vulnerable to registration and identity theft, especially where they are known not to occupy a property themselves. Provided that it does not restrict the Society's powers under the Mortgage, you are strongly recommended to include in your title, a restriction requiring the Land Registry not to register any change to the title, including change of ownership or mortgage, without their specific consent. You should ensure that their current correspondence address is held by the Land Registry, so that you can be notified by the Land Registry.

32 Buy to let Mortgage Portfolio Conditions

- 32.1 If you have a Mortgage on more than one property with us then in the event that you repay the Total Debt due in relation to any Mortgage you have with us we may at our discretion refuse to release the Property from that Mortgage if we believe there is insufficient security under any separate Mortgage over another property for repayment of any other sum owed by you to us under that other Mortgage.
- 32.2 If we so request (and each time we do) you must provide to the Society such financial information (which may include audited accounts) concerning, you and the portfolio as we may require.

33 Holiday Let Mortgage Conditions

The following Conditions apply where your Property is a holiday let property, by which we mean it is being (or was) purchased with the sole intention of renting it out commercially as furnished holiday accommodation.

- 33.1 The Property must be rented out for commercial gain to members of the public who are not related to the Borrower. A person is "related" to the Borrower if they are a spouse, civil partner, parent, grandparent, sibling, child, grandchild, aunt, uncle, cousin, niece, nephew or any person (whether or not of the opposite sex) whose relationship to the Borrower has any of the characteristics of any of those persons;
- 33.2 No part of your Property can be solely occupied by you or used as a principal residence by you or any other person.
- 33.3 The Property must be rented out for at least 210 days per annum, only under written licence agreements. Licence agreements are permissions to occupy the Property on a temporary basis and do not give rise to a relationship of landlord and tenant or to any tenant's rights. For the avoidance of doubt you must not grant any occupier an assured shorthold tenancy or occupation contract of the Property.
- 33.4 Licence agreements for the Property must:
- 33.4.1 be for a duration of not more than one month;
 - 33.4.2 be in writing and contain no unusual terms that materially adversely affect the Property;
 - 33.4.3 provide that no sub-letting is permitted;
 - 33.4.4 only allow the Property to be used as a private dwelling for occupation on a holiday or other temporary basis and not for the occupant's residential purposes; and
 - 33.4.5 provide for payment of any occupation fee in advance.
- 33.5 You (or persons related to you) may occupy the Property, but not as your main residence, and provided that you occupy it for no more than 90 days in each 12 month period.
- 33.6 You must provide to us such financial or other information relating to the Property as we may reasonably require from time to time, such as details of income received from renting it out.
- 33.7 You may market the Property through an online short stay letting portal (such as AirBnB), but there are some additional requirements, meaning:
- 33.7.1 you will have to provide us with an estimate of rental income from an independent agent before you can do so; and
 - 33.7.2 you can only let the whole of the Property via the web service you choose (i.e. not split by room).

- 33.8 You must insure your Property and its contents insured as set out in Condition 10. In addition to those requirements you must ensure that the insurance you obtain:
- 33.8.1 allows the Property to be rented out on a holiday let basis;
 - 33.8.2 covers all normal risks, including fire, subsidence, aircraft, flood, and any normal risks covered by an appropriate insurance policy for properties let out on a holiday let basis (or for commercial landlords if no comparable policy is available) and any other risk which we may from time to time reasonably require;
 - 33.8.3 be maintained until the Mortgage Deed over the Property has been redeemed;
 - 33.8.4 is for the full reinstatement value as set out in our Mortgage Property Assessment under a comprehensive index linked insurance policy issued by a reputable insurer; and
 - 33.8.5 contains a mortgagees' protection clause and have our interest noted (where possible).
- 33.9 You must also maintain public liability insurance covering all lawful occupants of the Property, for so long as you owe us any money under the Mortgage.
- 33.10 You will still be liable to make your Monthly Payment, even if the Property has not been rented out under a licence agreement.

34 Foreign Currency Mortgage Conditions

The following Conditions apply where your Mortgage is in Sterling but you make payments to us in a currency other than Sterling:

- 34.1 The amount of your Monthly Payments may go up or down if the currency in which your Monthly Payments are made goes up or down compared to Sterling.
- 34.2 Where your Loan is in Sterling but you make Monthly Payments and other payments in a foreign currency, we will convert the payments you make at our currency rate of exchange which applies at 12.00 on the date you make the payment. If the converted amount is not sufficient to meet the payment due, we can either:
- 34.2.1 increase your Monthly Payment to make up the difference starting on the next Payment Day; or
 - 34.2.2 ask you to make an additional payment to cover the difference.
- 34.3 If after we convert a payment from you under Condition 34.2 and the converted amount exceeds the payment due from you, we may (acting at our discretion) decrease your Monthly Payment to reflect the excess, starting on the next Payment Day.
- 34.4 If your Mortgage Offer permits it, if the difference between Sterling and the foreign currency in which your Mortgage or payments is denominated exceeds a set limit, you can apply to us to convert your Mortgage or payments to another currency.

35 Multi-unit freehold block Conditions

If the Property is a multi-unit freehold block, you must ensure that the individual units comply with the following minimum requirements and ensure that the Property is not required to be licensed as an HMO:

- 35.1 each unit must have its own tenancy agreement;
- 35.2 each unit must have private areas for each unit or household, to which nobody else has a right of access (to include bedrooms, kitchen, bathroom and living area); and
- 35.3 each tenant must have a separate entrance to their unit or household.

36 Exclusions which apply whenever a Property is rented out

- 36.1 We are not qualified to advise, nor can we give advice to you about the viability of any renting of the Property, how easy to rent it will be, the level of rent or income from it which you might be able to achieve, its future value, or its present value or suitability for your purposes.
- 36.2 We have no control over the management of the Property, the renting of it, or the choice or suitability of any occupant. Accordingly we can accept no responsibility with regard to any risk that you may create through a rental where the occupant obtains security of occupation which is greater than you may have intended or as to the performance by the occupants of their obligations, whether to pay you money, look after the Property, leave it when required or otherwise.

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Hinckley & Rugby

Building Society

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Authorised by the Prudential Regulation Authority and regulated by the
Financial Conduct Authority and the Prudential Regulation Authority
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