



Mortgage Conditions 2014

Version 2

This is an important legal document.

If **you** sign the **mortgage deed you** will be legally bound by these conditions and the other **mortgage documents**.

This matter (including the **advance** and the other **mortgage documents**) is not regulated by the Financial Conduct Authority.

These conditions and the other **mortgage documents** comprise all the terms agreed between **you** and **us** in connection with the **advance**. Also, other information provided by **us** (including in previous discussions, illustrations, quotations or representations) is superseded by the **mortgage documents**. Therefore, **you** must not rely upon any of that superseded information.

You should not sign the **mortgage deed** unless: **you** have read and understood these conditions and the other **mortgage documents**, and **you** have obtained legal advice from a solicitor and then decided that **you** want to be legally bound by these conditions and the other **mortgage documents**.

IF YOU FAIL TO KEEP UP WITH PAYMENTS ON YOUR MORTGAGE A RECEIVER OF RENT MAY BE APPOINTED AND/OR YOUR RENTAL PROPERTY MAY BE REPOSSESSED.

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Mortgage Conditions.

A. General provisions

A1 Definitions

In these conditions (each a **condition**) and (where the context allows) the other **mortgage documents** (as defined below) certain words and phrases have special meanings which are set out below.

you and your	means each person indicated in the mortgage deed as being a mortgagor, grantor or borrower and (if there is more than one) all of them together (and includes that person's personal representatives and any person to whom title to the mortgage property passes). See also condition A3.
we, us and our	means Fleet Mortgages Limited, 2 nd Floor, Flagship House, Reading Road North, Fleet, Hampshire, GU51 4WP (registered in England and Wales as company number 08663979) and anyone who at any time in the future is entitled (as legal, equitable or beneficial owner) to all or any of the lender's and/or mortgagee's and/or heritable creditor's rights under the mortgage documents (including as a result of a mortgage transfer , a merger or consolidation with another person, a take-over and/or a group reorganisation).
advance	means the initial advance and/or any further advance . If an advance is paid in instalments or we retain any part of an advance , ' advance ' means the amount actually paid by us .
amount owing	means at any time the total amount which you owe us at that time under the mortgage documents (including in relation to each advance and any unpaid interest, charges, fees and expenses).
ancillary assets	means each of the assets described in condition E1.1(a) to (g) inclusive.
business day	means any day from Monday to Friday, except bank and public holidays in England and Wales and, if a mortgage property is in Scotland.
buy to let mortgage	means an advance throughout the period for which the mortgage offer indicates that such advance is offered to you on a buy to let mortgage basis in relation to the mortgage property .
company	a firm, company, corporation, agency, unincorporated body of persons, association, trust, joint venture, consortium or partnership.
completion	means the date on which any advance is sent to you or your legal representative by CHAPS transfer or, if the advance is sent by cheque, the date of the cheque, in each case even if this is before the mortgage deed becomes effective.
expenses	<p>means all reasonable costs and expenses which we, a receiver or an attorney appointed under the mortgage documents pay in connection with the mortgage documents in relation to:</p> <ul style="list-style-type: none">(a) the preparation, completion, registration or administration of any advance and the mortgage documents;(b) recovering or attempting to recover all or part of the secured liabilities;(c) complying with a remediation notice in respect of the mortgage property served on you or us under the Environmental Protection Act 1990 unless we knowingly caused or allowed the mortgage property to become contaminated when in possession as mortgagee or heritable creditor;(d) protecting, preserving or enforcing our rights under the mortgage documents or law (including bringing or defending legal proceedings relating to the secured liabilities, the mortgage property or any other security for the secured liabilities or buying out someone else's interest in the mortgage property);(e) remedying any breach by you or any guarantor of any of your or the guarantor's obligations under the mortgage documents (including your obligation to repair the mortgage property);(f) exercising any of our rights under the mortgage documents or the law; and(g) inspecting, valuing or investigating the title to any asset (including the mortgage property) in connection with the mortgage documents; <p>and our administration fees in respect of our internal costs as set out in our tariff (including, in each case any insurance premium tax, value added tax or any similar tax on such costs, expenses or fees).</p>
further advance	means any further amount which we lend after the initial advance on the basis that it is to be secured by the mortgage deed , the amount of which will be set out in a mortgage offer .

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guarantor	means any person who signs a deed of guarantee in respect of all or part of the payment and/or discharge of the secured liabilities to us .
initial advance	means the first loan which we lend on the basis that it is to be secured by the mortgage deed , the amount of which is set out in the mortgage offer relating to that loan.
interest period	means a period of time which we use to calculate interest payments. This period is set by us . Except as indicated otherwise in the mortgage offer , the current interest period runs from and including the first day of each month (or, in the case the first interest period , the date of completion) until and including the last day of each month (or, in the case of the last interest period , the date of full redemption and discharge of the secured liabilities). We may change the interest period under condition C4.
interest rate	means the rate or rates at which interest accrues and/or is charged on the amount owing as indicated in the mortgage documents . The rate or rates of interest may change under condition C2 and as may be specified in the mortgage offer .
LIBOR adjustment date	means each date indicated to be a LIBOR adjustment date in the relevant mortgage offer but, if not so indicated, means each of the 1st day of every March, June, September and December.
monthly payment	means the amount which you are required to pay each month, the initial amount of which is set out in the mortgage offer relating to the initial advance . We may change the monthly payment under condition C6.
monthly payment day	means the day in each month on which you are required to make a monthly payment , as set out in the mortgage offer . We may change the monthly payment day under condition C7.
mortgage account	means the account or accounts which we use to record the amount owing .
mortgage deed	means the mortgage deed or standard security, in the form provided by us , entered into by you and which indicates that it incorporates these conditions.
mortgage documents	means each of: (a) the documents containing terms and conditions of and/or applying to each mortgage deed , each mortgage offer and any secured liabilities (including each mortgage deed , each mortgage offer , these mortgage conditions, our tariff , each mortgage application form and each declaration relating to such mortgage application); and (b) each other contract, deed and certificate (including any guarantee) entered into with us or provided to us to satisfy a condition of such mortgage offer or mortgage deed .
mortgage offer	(a) when applied to the initial advance , means the written offer by us to lend the initial advance to you ; or (b) when applied to any further advance , means the written offer by us to lend a further advance to you , in each case excluding any such offer which is withdrawn by us or which is superseded by another such offer (see condition B1). Each offer consists of the mortgage offer letter which we send to you and any special conditions which are attached to it (but excluding, for the avoidance of doubt, any illustration or any other documents given to you at an earlier stage). Any changes to the mortgage offer made by us in writing before any amount is lent under that mortgage offer are included, as are any changes which we notify to you in writing and which you agree after we have lent any amount under that mortgage offer .
mortgage period	means in relation to an advance the period from the first date of completion of that advance to the date, as indicated in the mortgage offer relating to that advance , by which you must have fully repaid that advance .
mortgage property	means each property and other asset in respect of which you give us security by the mortgage deed or any part of it (including fixtures and fittings) and any alterations and additions to it and any extended term or ownership interest that you obtain in substitution for or in addition to any leasehold interest mentioned in the mortgage deed .

mortgage transfer	means a transfer, assignment or assignation (whether absolute or by way of security), mortgage, charge, standard security, creation of trust over, agreement to sell or other disposal (in law or in equity or beneficially) of all or any of our rights, title, interests, benefits and obligations in respect of all or any of the mortgage documents and/or the mortgage property .
secured liabilities	means the amount owing and any other liabilities which you have to us from time to time, whether present or future, actual or potential (including, but not limited to, under any of the mortgage documents) except for any amount payable under any 'regulated agreement' (within the meaning of section 189(1) of the Consumer Credit Act 1974), unless that regulated agreement states that it will be secured by the mortgage deed .
tracked rate	means in relation to an advance the rate of interest indicated as the tracked rate in the mortgage offer relating to that advance .
tariff	means at any time, our tariff of charges and fees as applied by us to your type of mortgage as sent to you from time to time. See condition C5 in relation to our right to change our tariff from time to time.
variable rate	means a variable rate of interest set and changed by us from time to time (before and after completion) under condition C2.

A2 Interpretation

- A2.1 If the **mortgage offer** is not consistent with other provisions in these conditions, the **mortgage offer** prevails. If, in relation to any **mortgage deed** governed by Scots law, the Standard Conditions contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 are not consistent with other provisions in these conditions, these conditions prevail.
- A2.2 Reference to a 'month' means a calendar month.
- A2.3 The singular includes the plural and the masculine includes the feminine and the other way round.
- A2.4 Where a law is referred to, all changes to it are also included.
- A2.5 The headings used in the **mortgage documents** are only for convenience and do not affect their interpretation.
- A2.6 References to any of the **mortgage documents** or to any other document include references to such **mortgage documents** or document as may have been or may from time to time be amended, varied, supplemented, substituted or replaced.
- A2.7 The expressions 'includes' and 'including' do not limit the meaning of any other words.

A3 Each of you have full liability, not just a share

- A3.1 If there is more than one of **you**:
- whenever **we** use the words '**you**' and '**your**', **we** mean each of **you** individually as well as all of **you** together;
 - each of **you** is separately fully responsible for complying with the **mortgage documents** and for paying and discharging all of the **secured liabilities** (and not merely a share), including if any of **you** dies;
 - we** can fully exercise **our** rights and enforce the **mortgage documents** against any one of **you** without having to involve the others;
 - we** may at any time release or discharge any of **you** from **your** liability under the **mortgage documents** (and such release or discharge shall, unless it otherwise provides, also release or discharge that person from all rights of contribution, whether accrued or not, which are then or might otherwise become enforceable by any of the rest of **you**);
 - we** may give time for payment to accept any composition from or make any other arrangements with any of **you**, without in any such case thereby discharging or releasing in whole or in part or otherwise prejudicing or affecting **our** rights and remedies against any of the rest of **you**;
 - if any of the **mortgage documents** is unenforceable or otherwise ineffective against any one or more of **you** none of the rest of **you** will be released from **your** obligations and each of **you** agrees as a separate obligation to pay and compensate **us** for any reasonable losses **we** suffer as a result of this; and
 - any payments **we** receive from any of **you** will be taken to have been made on behalf of all of **you**.

A3.2 If there is more than one of **you**, unless and until any one of **you** write to **us** and request **us** to only follow instructions given by all of **you**, **we** may follow any kind of instruction that any one of **you** gives us. This means one of **you** may be able, for example, to cause a charge to be payable without any other of **you** knowing. **We** may still need all of **you** to give us certain important instructions, for example to request further borrowing, a transfer of equity, a partial release of the security for the **secured liabilities**, or another substantial change to any of the **mortgage documents**. Also, if **you** argue over the **mortgage documents** and **we** find out, **we** may only follow instructions if all of **you** give them. **We** will go back to following instructions from any one of you once **you** tell us **you** have resolved the argument.

A4 Our power to transfer

A4.1 **We** can enter into and make **mortgage transfers** to any person(s) at any time and from time to time.

A4.2 **You** irrevocably consent to **mortgage transfers** and agree that we can make **mortgage transfers** using our rights under the **mortgage documents** and/or in law or in equity or beneficially without any further consent from **you** and without notice to **you** and that no further agreement is required from **you** and no further notice need be given to **you**.

A4.3 If **we** make a **mortgage transfer** of **our** rights under the **mortgage documents**, it will not change **your** rights and guarantees and will not change the terms and conditions of **mortgage documents**. However, the person to whom **we** make that **mortgage transfer** can exercise **our** rights and enforce **your** obligations under the **mortgage documents**. This may include, for example, that person setting the **interest rate** and/or changing the **tariff** (these would no longer be set or changed by any previous creditor or be linked to or track any rate or terms of any previous creditor).

A5 Communications

A5.1 **We** will communicate with **you** in English and all documents **we** send **you** and use will be in English.

A5.2 **We** may contact **you** using the most recent e-mail address, permanent postal address or phone number **you** have given **us**.

You must tell **us** immediately if **your** contact details change by:

- (a) writing to **us** at **our** contact address; or
- (b) using **our** Mortgage Services number.

Throughout the period, if any, **your** contact postal address is an address outside England and Wales, **you** must maintain details and evidence of the appointment by **you** of a person in England and Wales who will accept service of process on **your** behalf and **you** must keep **us** informed of those details.

If there is more than one of **you** and **you** both share the same address, a notice **we** send to one of **you** will count as a notice to both of **you** and, if **you** have different addresses, **we** will send any communication solely to applicant 1 only unless you request otherwise.

A5.3 If the **mortgage documents** require notice to be given by **us** to **you**, this will be given in one or more of the following ways:

- (a) by post or by hand delivery as indicated in condition A5.4;
- (b) by advertising in at least three national newspapers. A notice advertised in this way will be treated as having been given on the first day on which it has been advertised in all three papers; or
- (c) by any other method which is available by law.

A5.4 A notice may be given by **us** to **you** by post or by hand delivery to your contact address (being the **mortgage property** or, if **you** have a **buy to let mortgage**, the correspondence address which **you** have given **us**). Each notice given by post will be treated as having been given on the 2nd **business day** after the date of posting, even if it never arrives or is returned undelivered. Each notice delivered by hand will be treated as having been given the next day.

In the case of **your** death and until **we** receive an Office Copy of the Confirmation, Grant of Probate of the Will or Letters of Administration of **your** estate, notice addressed to **you** at **your** contact address will be treated as being sufficient notice to **your** personal representatives.

If **you** send **us** any original, valuable or important documents, **we** recommend that **you** use special delivery or a similar service.

- A5.5 If **you** think a person who is not entitled to do so is trying to give **us** instructions without **your** permission, **you** must tell **us** as soon as possible. Until **you** tell **us**, **you** will be responsible for any instruction **we** receive and act on even if it was not given by **you**. If **we** can show **you** have acted fraudulently or without reasonable care to keep our relationship secure **you** will be liable for all payments **we** make and all losses on **your mortgage account**, and **we** will have no other liability to **you**.
- A5.6 **You** can telephone **us** at any time between 9am and 5pm on any **business day** on the **our** Mortgage Services number. If **our** contact details change, **we** will let **you** know.
- A5.7 **We** may record or monitor telephone conversations:
- to make sure **we** carry out **your** instructions accurately;
 - to help **us** maintain the quality of **our** service; and
 - for security and training purposes.

A6 Consents

Where the **mortgage documents** require **you** to obtain **our** consent:

- to be effective, **our** consent must be in writing; and
 - we** may make **our** consent subject to conditions but **we** will not unreasonably withhold **our** consent.
- You** agree that it is reasonable for **us** to refuse to consent to, or exercise **our** discretion or be satisfied about something, if it adversely affects or might adversely affect **our** security or the value of the **mortgage property** or involves **expenses**.

We may charge a fee for considering **your** request for consent, whether or not **we** give consent.

A7 Mistakes

- A7.1 If **we** miscalculate the amount payable by **you** to **us** or make any other mistake about the **mortgage documents** this will not affect any of **our** rights, including **our** ability to claim the right amount from **you** either before or after the **mortgage documents** have been released with interest at the **interest rate** until repayment.
- A7.2 A receipt or letter saying that any or all of **secured liabilities** have been repaid or discharged in full will not prevent **you** from being personally liable if it is later found out that such **secured liabilities** were understated by mistake. This does not affect any legal rights which **you** have as a result of the amount of the **secured liabilities** being understated.

A8 Availability of rights

- A8.1 If **we** decide to relax any of these terms or not to enforce any of **our** rights this will not affect **our** rights or powers in any way.
- A8.2 If **you** break any provision of the **mortgage documents** and **we** agree to take no action, **we** will still be able to take action if **you** break any provision of the **mortgage documents** in the future.
- A8.3 Each provision in the **mortgage documents** is separate from the others. If **we** cannot legally enforce any particular provision this will not stop **us** from enforcing the other provisions.
- A8.4 No one will have any rights under the **mortgage documents** under the Contracts (Rights of Third Parties) Act 1999.
- A8.5 **Our** rights and remedies under the **mortgage documents** are in addition to **our** rights and remedies under the general law.

A9 Information and personal data

- A9.1 **We** may use any information **you** provide to **us**, or that **we** obtain or generate relating to **you** in connection with **our** dealings with **you** in accordance with the declaration provided to **us** in connection with any application form relating to any **advance** or as permitted under applicable law.
- A9.2 In addition, without restricting the terms of each such declaration, **you** irrevocably agree that **we** may provide any information or papers about **you**, the **mortgage documents**, the **secured liabilities**, the **mortgage property** and any other security held by **us** and the conduct of the **mortgage account**:
- to any such person or organisation who does, or proposes to, enter into any **mortgage transfer** with **us** or who does, or proposes to, fund or otherwise be involved in any **mortgage transfer**;

(b) to any purchaser or potential purchaser of **us** or any person who does, or proposes to, fund or otherwise be involved in any such purchase; and

(c) to any person who was previously the creditor under the **mortgage documents**, including, in each case, any actual or potential party, that party's professional advisers and any rating agency.

A10 Law

A10.1 If the **mortgage deed** is governed by English law, the other **mortgage documents** are governed by English law and **you** agree that the courts of England and Wales have non exclusive jurisdiction.

A10.2 If the **mortgage deed** is governed by Scots law, the other **mortgage documents** are governed by Scots law and **you** agree that the Scottish courts have non exclusive jurisdiction.

A11 Our liability

A11.1 If **we** behave negligently, **we** are fully liable for any death or personal injury as a result. Apart from that, if **we** break our obligations under the **mortgage documents**, **we** will only be liable for any loss and reasonable costs **we** could reasonably have expected as a result and **we** will not be liable for anything **we** cannot reasonably avoid.

B. The mortgage offer

B1 The mortgage offer

B1.1 **You** must not alter the **mortgage offer** relating to an **advance**. If **you** want to change anything in a **mortgage offer you** must contact **us**. If **we** agree a change, **we** will send **you** a new **mortgage offer** (which will supersede the previous one relating to that **advance**). **You** can only accept the most recent **mortgage offer** which **we** have sent **you**.

B1.2 There is no binding legal agreement between **you** and **us** in relation to an **advance** until **completion** occurs in relation to that **advance**. Accordingly, **you** can decide not to proceed with an **advance** at any time before **completion** of that **advance**.

We can decide not to proceed with a proposed **advance** (including withdraw a **mortgage offer** altogether and decline to make that **advance**) or change the terms of a **mortgage offer** or an **advance**, in each case at any time before **completion** of that **advance**, but usually **we** will not do so unless any of the following things happen or **we** reasonably believe they have happened:

- (a) any of the conditions of that **mortgage offer** cannot be fulfilled;
- (b) the requirements of this section B have not been met or satisfied;
- (c) there has been a change in **your** or any **guarantor's** circumstances or ability to comply with the **mortgage documents** which **we** decide, acting reasonably, is significant;
- (d) **you** or any **guarantor** is involved in any illegal activity (including drug-dealing, theft, robbery and fraud) or if **you** or any **guarantor** is convicted of any serious criminal offence;
- (e) **our** legal representative tells **us** that he/she cannot comply with one or more of **our** instructions, or cannot give a clear certificate of title in **our** standard form for the **mortgage property**;
- (f) **your** bank or building society will not accept the direct debit mandate (if applicable) required to make the **monthly payments**;
- (g) **we** have reasonable doubts about the effectiveness, suitability or value of the security (including in respect of the **mortgage property**) to be given for the payment and discharge of the **secured liabilities**;
- (h) any information given to **us** about **you**, any **guarantor**, the **mortgage property** or any other matter which might influence **our** decision to make the **advance** is misleading, incomplete or inaccurate;
- (i) **we** decide to change **our** lending policy or practice, or any matter arises (including any changes to the way **we** are funded or any changes to general economic conditions) which leads **us** to decide, acting reasonably, that it is undesirable to make an **advance**; or
- (j) any other matter arises which leads **us** to believe, acting reasonably, that the **advance** should not be made or the terms of the **advance** should be changed.

- B1.3 **You** must let **us** know at once (and provide **us** with full details) if:
- (a) any information given to **us** by, or on behalf of, **you** or any **guarantor**, whether in **your** mortgage application or otherwise, is or becomes wrong or out of date or if anything changes in any way which adversely affects and/or is reasonably likely to render any of that information ambiguous and/or misleading; or adversely affect the truth, accuracy and/or completeness of any of that information or our assessment of **you** and/or any of that information; or
 - (b) **you** or any **guarantor's** financial or other circumstances or status changes in any material way.
- B1.4 **We** may change the **monthly payment** and **interest rate** set out in the **mortgage offer** in circumstances where **we** would be able to make these changes after **completion**. If **we** make such changes, **we** will notify **you** of this in accordance with these conditions in writing at or prior to **completion**.
- B1.5 The **mortgage offer** will expire if **completion** of the relevant **advance** does not occur by the expiry date indicated in the **mortgage offer** (or, if no such expiry date is indicated, on the day which is 90 days after the date of that **mortgage offer**).
- B1.6 By executing the **mortgage deed you** agree to be bound by and comply with the terms of it and the other **mortgage documents**.
- B1.7 If **completion** occurs in relation to an **advance**, **we** will charge that **advance** to the **mortgage account** at that **completion**. If the **mortgage offer** says that **we** will pay the **advance** by instalments or that **we** will hold back any money, **we** will only pay the instalments or the amount held back if **you** comply with the **mortgage documents** and **we** will charge each instalment or amount held back to the **mortgage account** when **we** pay the relevant amount to **you**.
- B1.8 If, for any reason, **you** no longer need the **advance**, **you** should tell **us** and **your** legal representative at once.
- B1.9 If **we** withdraw the **mortgage offer**, **we** will not be obliged to tell **you** the reason for doing so.

B2 Creation of the security

- B2.1 In relation to each **mortgage offer**:
- (a) **you** must have good and marketable title to the **mortgage property** free from defect and any other charge or encumbrance or anything else which might affect either the value of the **mortgage property** itself or the **mortgage deed** as **our** security;
 - (b) **your title** to the **mortgage property** must include all necessary rights for its enjoyment and, in particular, if the title to the **mortgage property** is leasehold:
 - the term left to run on the lease must be at least 40 years at the end of the **mortgage period** and the landlord must have no right to terminate the lease earlier (other than a forfeiture clause);
 - the lease must not contain a forfeiture clause which says **you** must give up the lease if **you** become bankrupt;
 - **you** or **your** landlord must not have broken or break any of the covenants of the lease including but not limited to payment of any ground rent and service charge;
 - there must be no restriction on transferring the **mortgage property** (if **you** need **your** landlord's permission, the landlord must be obliged not to unreasonably withhold such permission);
 - the lease must not contain any clause that may result in a substantial and material increase in ground rent or any provision inhibiting the payment of a premium on the assignment of the lease;
 - there must be adequate arrangements for management, maintaining and repairing the **mortgage property** (including enforcing clauses and recovering financial contributions from each leaseholder);
 - all necessary cross-easements connected with access, support and maintenance must be granted and reserved;
 - any management **company** must be a limited company that is solvent and able to meet its responsibilities;
 - (c) **you** must have first given **us**, if the principal **mortgage property** is in England, a fully effective first charge by way of legal mortgage over the **mortgage property** or, if the principal **mortgage property** is in Scotland, a fully effective first standard security over the **mortgage property** in the form of **our** standard **mortgage deed**;
 - (d) **we** must have received a certificate of title which is satisfactory to **us** and confirmation that the requirements set out in **our** instructions to legal representatives are met; and
 - (e) **you** must have completed and returned to **us** the direct debit mandate, in the form provided by **us**, in relation to **your** current account at a bank or building society **we** reasonably think is suitable.

B2.2 The security created by the **mortgage documents** is the only security which is allowed to exist over the **mortgage property**. This means that any existing mortgage or standard security on the **mortgage property** must be paid off before the **mortgage deed** is completed unless **we** agree that a particular mortgage or standard security can be left outstanding.

If **you** want to leave another mortgage or standard security outstanding on the **mortgage property**, **you** must tell **us** as soon as possible so that **we** can seek to agree priority arrangements with the person who has that mortgage or standard security.

B3 Arrangements for compliance and repayment

B3.1 If **you** cannot pay and discharge all the **secured liabilities** by the end of the **mortgage period** either **you** may have to sell the **mortgage property** or **we** can sell the **mortgage property** to raise funds to be applied in or towards payment and discharge of the **secured liabilities**.

B3.2 **You** are also responsible for ensuring that **you** always fully comply with the **mortgage documents** at all times and make all payments in full and on time (including in the event of accident, injury or sickness).

In particular, **you** must ensure that **you** can repay and discharge all the **secured liabilities**:

(a) at the end of the **mortgage period**, especially where all or part of an **advance** is lent on an interest only basis (see condition C1.1); and

(b) during the **mortgage period**, if and when any of you dies.

You should arrange adequate insurance cover and a means of repayment (such as a savings plan) to ensure that the **secured liabilities** can be paid and discharged in full in these circumstances. **You** should ensure that such insurance cover and means of repayment is in place throughout the period from **completion** until the end of the **mortgage period**. **You** should review them regularly to make sure that it will enable **you** to pay and discharge all the **secured liabilities** in these circumstances.

You should consult a suitably qualified financial adviser in relation to such matters. **We** are not qualified to give **you** any advice about or help with any insurance cover or means of repayment that **you** might have or be thinking of putting in place and expressly exclude any responsibility for this (even if **we** know about the insurance cover or means of repayment that **you** have or propose). It is entirely **your** responsibility to ensure that **you** are completely satisfied with any arrangements that **you** choose to put in place and maintain

If **your** arrangements do not produce enough money to pay off the **secured liabilities** at the end of the **mortgage period**, **you** will have to pay off the shortfall.

B4 Insurance of the mortgage property

B4.1 **You** must keep the **mortgage property** insured from conclusion of the contract to purchase it unless **you** are:

(a) buying a **mortgage property** which is being built, in which case cover must run from a date not later than the date we first make an **advance** in relation to that **mortgage property**; or

(b) remortgaging, in which case cover must run from the date when the remortgage is completed.

B4.2 The insurance must comply with the requirements indicated in condition D1.

B5 Occupation of the mortgage property

B5.1 **You** must have vacant possession of the whole of the **mortgage property** at the time the **mortgage deed** is completed. If **you** have a **buy to let mortgage** and there is a tenant in the **mortgage property** at **completion you** must have vacant possession except for occupation by that tenant.

B5.2 **You** must move into the **mortgage property** within one month of **completion** unless either **you** have a **buy to let mortgage** or **you** obtain **our** prior written consent.

B5.3 If the **mortgage deed** is governed by English law and you do not have a **buy to let mortgage**, anyone who is or will be 17 or over when the **mortgage deed** is completed who will be living at the **mortgage property** with **you** (including relatives and children), must sign an agreement in a form acceptable to **us** making any interest he has in the **mortgage property** subject to the **mortgage deed**. **You** agree that **we** may inform any such person about **your mortgage documents**. Each person who enters into the **mortgage deed** as a mortgagor does not need to sign an agreement to this effect.

B5.4 If the **mortgage deed** is governed by Scots law, anyone who has rights of occupancy of the **mortgage property** under the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or the Civil Partnership Act 2004 must

consent to the **mortgage deed**, making such rights subject to the **mortgage deed**. **You** agree that **we** may inform any such person about **your mortgage documents**. If no-one has such rights, **you** must sign an affidavit in the form required by **us** to that effect.

B6 Valuation of the mortgage property

- B6.1 If **we** give **you** (or **your** legal representative) a copy of a mortgage valuation report (which includes any re-inspection report):
- We** give it for information only.
 - You** should read it carefully, especially the section headed *Applicants to Note*.
 - The valuer reports to **us** alone as **our** independent contractor and is not **our** agent for the purposes of preparing the mortgage valuation report. The valuer **we** use may not owe **you** any duty of care.
 - The valuer does not carry out a full building survey and there may be defects in the **mortgage property** which are not mentioned in the valuation report to **us**.
 - The purpose of any mortgage valuation report which has been carried out on **our** behalf is to help **us** to decide if the **mortgage property** is adequate security for the **advance**.
 - If **we** make an **advance** this does not in any way imply that the mortgage valuation report obtained by **us** is complete or accurate; or that the **mortgage property** is free from any defect; or the **mortgage property** has any particular value; or the purchase price (if relevant) is reasonable; or the **mortgage property** is suitable for **your** purposes or its existing or intended use.
 - Your** copy of the mortgage valuation report is provided only for **you** to check that it correctly describes the property to be mortgaged to **us**.

As a result, **you** must not rely on the mortgage valuation report for any purposes at all.

You undertake that the **mortgage property** is as described in that copy of the mortgage valuation report and that the boundaries of the **mortgage property** are clearly defined. **You** agree with the information given in that mortgage valuation report and that the whole of the property, as valued in that mortgage valuation report, will be charged by way of legal mortgage or standard security to **us**.

- B6.2 It is **your** responsibility to establish the value, condition and suitability of the **mortgage property** for **your** purposes. **You** should obtain a more detailed report from a qualified valuer of **your** own choice to ensure that the **mortgage property** is suitable for **you**, has no defects and is adequate value for **your** money.
- B6.3 The mortgage valuation report may indicate that certain repairs have to be carried out at the **mortgage property**. If the **mortgage offer** does not specify a particular time period within which these repairs must be carried out, they must be carried out to a high standard as soon as possible after **completion**. If the **mortgage offer** does specify a time period, the work must be carried out within that period.
- B6.4 If the **mortgage offer** states that **we** will hold back some of the money on **completion** until work specified or referred to in the **mortgage offer** is carried out, that money will not be released until the work has been carried out to **our** satisfaction. Unless **you** instruct **us** not to, **we** will send **you** that money once **we** are satisfied that the work has been carried out. If a reinspection is required, the valuer's reinspection fee will be charged to the **mortgage account**, the amount of held back money will be applied to paying amounts which are then due in respect of the **amount owing** and only the remainder, if any, will be released to **you**.
- B6.5 Where reasonable (for example, to meet regulatory requirements or check the **mortgage property** continues to be adequate security for payment and discharge of the **secured liabilities**), **we** may have the **mortgage property** revalued from time to time during the **mortgage period**. Where **we** arrange a revaluation **you** must give, or do what **you** reasonably can to get any tenant to give, **us** or **our** agents access to the **mortgage property** at any reasonable hours **we** request to carry out an internal and external inspection, so long as **we** have given **you** reasonable notice (not less than 24 hours) beforehand.

You will pay the reasonable cost of each revaluation if **you** have not complied with the **mortgage documents** in relation to the **mortgage property** and it is reasonable in the circumstances for **us** to ask **you** to pay.

B7 Properties built or converted in last 10 years

- B7.1 If the **mortgage property** is less than 10 years old or has been converted in the last 10 years, it must have the benefit of:
- a home warranty indemnity insurance scheme acceptable to **us**; or

(b) a certificate from a suitably qualified professional consultant who certifies that:

- he/she has appropriate experience in the design and/or monitoring of residential buildings;
- he/she has supervised the building works;
- the **mortgage property** generally has been constructed to a satisfactory standard and in general compliance with approved structural drawings and/or building regulations; and
- he/she holds professional indemnity insurance to a minimum of £500,000,

to be forwarded to **us** as soon as available.

B7.2 If the **mortgage property** has been converted but does not have the benefit of a home warranty indemnity insurance scheme acceptable to **us** or a professional consultant's certificate, the **mortgage property** will not be acceptable to **us** unless:

(a) the conversion took place with full building regulation approval;

(b) **you** give **us** a satisfactory report on the structure of the **mortgage property** (from a RICS qualified building surveyor or a structural engineer); and

(c) **our** valuer considers the **mortgage property** is suitable security for payment and discharge of the **secured liabilities**.

B7.3 In respect of both B7.1 and B7.2 above, the construction must have taken place with full planning permission and other required consents, with local authority supervision and in compliance with applicable law.

B8 Fees and costs

B8.1 **You** will pay and reimburse **us** on demand for all **expenses** connected with **your** application for an **advance** whether or not the **advance** is actually made.

B9 Purchase or remortgage arrangements

B9.1 If the **advance** is to fund all or part of the purchase price of the **mortgage property**, or the amount required to redeem any existing security over the **mortgage property**, then unless **we** have given **our** prior written consent:

(a) the full purchase price or redemption amount must be as stated;

(b) the purchase price or redemption amount must not in any way be reduced (for example, because the seller or security holder is providing a cashback or some other collateral advantage or because fixtures and fittings or furnishings are included or a reduction is negotiated) nor must any part of it be left outstanding on completion: **you** must tell **us** if there is an arrangement like this;

(c) the full purchase price or redemption amount must pass through **your** solicitor's client account;

(d) if the purchase price of the **mortgage property**, or amount required to redeem any existing security over the **mortgage property**, is more than the amount of the **advance**, **you** must provide the balance of any purchase money from your own resources (the balance must not be provided from any other loan or credit arrangement, whether secured on the **mortgage property** or not, nor must it be provided by anyone else in return for any interest in the **mortgage property**); and

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

B9.2 If **you** are using money from the sale of another property to finance the purchase of the **mortgage property**, **you** must complete the sale of that property before the **mortgage deed** on the **mortgage property** is completed. **C1**

C. Paying us

C1 Repayment

C1.1 **You** agree to repay the **amount owing** in full on the earlier of:

(a) the last day of the **mortgage period**; and

(b) the date a sale of the **mortgage property** completes (whether or not the money from selling the **mortgage property** or any other security for it is enough to repay the **amount owing**).

In addition, except during such period as the **mortgage offer** clearly indicates that all or a specified portion of an **advance** is to be on an interest only basis, **you** agree to repay the **amount owing** by instalments as part of each **monthly payment**, the amount of each such instalment to be as calculated by us in determining the amount of the **monthly payment** from time to time as contemplated in condition C6.

C1.2 Where it is not clear from the **mortgage documents** as to when any part of the **amount owing** is due for payment, each such part shall be due on **our** demand or, at **our** discretion, must be paid by way of increase in the **monthly payment**.

C1.3 **You** may repay all or any part of the **amount owing** at any time before it would otherwise be due for repayment under the **mortgage documents**.

C1.4 Any repayment (whether made early or when due) will be credited to **your mortgage account** on the next business day it is received by **us**.

For the purposes of working out the amount of interest which was or is to be charged to **you**:

(a) if **you** tell **us** that **you** want to make a part repayment of the **advance**, credit will be given for the number of days from receipt of repayment until the end of the **interest period** in which the repayment is received by **us**; and

(b) in all other cases **you** will be given credit at the latest at the end of the **interest period** in which the repayment is received by **us** which means, in such cases, that interest is charged on the full **amount owing** until then.

If an early part repayment is of £500 or more **we** will recalculate **your monthly payment**. If an early part repayment is less than £500 **we** will recalculate **your monthly payment** if **you** ask **us** in writing to do so or **we** reasonably decide to do so.

C1.5 If **you** repay all or any part of an **advance** before the end of the **mortgage period** applicable to that **advance**, **you** must pay:

(a) any early repayment charge which the **mortgage offer** relating to that **advance** indicates is to be paid by **you** on an early repayment;

(b) each fee and charge payable under the **tariff** in connection with any early repayment; and

(c) **our expenses** in connection with the early repayment.

However, if the early repayment is solely due to the events referred to in condition E2.1(g), (h), (i), (m) or (p) and **you** are in full compliance with all **your** obligations under the **mortgage documents**, **you** will not be obliged to pay any early repayment charge which the **mortgage documents** would otherwise require **you** to pay.

If **you** ask **us**, **we** will tell **you** how much **you** will need to pay on the date for early repayment.

C2 The interest rate

C2.1 **You** agree to pay **us** all interest which accrues under, or is otherwise expressed to be charged and/or payable under, the **mortgage documents** at each time and in the manner indicated the **mortgage documents**.

C2.2 The **interest rate** applicable to the **amount owing** in respect of an **advance** shall be as indicated in the **mortgage offer** relating to that **advance** as may be changed from time to time under and in accordance with the **mortgage documents**. Where it is not clear from the **mortgage documents** as to what **interest rate** applies to all or any part of the **amount owing** at any time, that **interest rate** shall be a **variable rate** as set by **us** and notified to **you** for this purpose.

C2.3 If the **mortgage offer** relating to an **advance** indicates that an **interest rate** is to be capped for a specified period, then **we** can only change that **interest rate** under this condition C2 in a manner which is not contrary to the provisions in that **mortgage offer** which specify how the relevant cap is to be applied.

C2.4 To the extent that a **variable rate** is applicable to an **advance**, **we** may change that **variable rate** on any day to enable **us** to respond proportionately and/or reasonably to any one or more of the following (as applicable):

(a) a change which has occurred, or which **we** reasonably expect to occur, in the Bank of England base rate (see condition C2.6), the 3 month London inter-bank offered rate (commonly known as LIBOR) or interest rates generally;

(b) a change which has occurred, or which **we** reasonably expect to occur, in the cost of the funds **we** use or incur in **our** mortgage lending or holding activities;

(c) a change which has occurred, or which **we** reasonably expect to occur, in interest rates charged by other mortgage lenders;

(d) a change in the law or a decision by a court; or

(e) a decision or recommendation by an ombudsman, regulator or similar body; or

(f) a change of or introduction of any relevant code of practice or general industry practices which are commonly observed by residential mortgage lenders.

- C2.5 To the extent that the London inter-bank offered rate (commonly known as LIBOR) is specified as being the **tracked rate** applicable to an **advance**:
- (a) On any day that **tracked rate** shall be the rate then most recently set by **us** in accordance with this condition C2.5.
 - (b) That **tracked rate** shall be the rate applicable, as a result of the procedure indicated in condition C2.5(c), from and including the then most recent **LIBOR adjustment date**.
 - (c) At a point, chosen by us, on or about the 12th day of the calendar month preceding each **LIBOR adjustment date we** shall determine the rate at which sterling deposits are offered for 3 months by prime banks in the London inter-bank market. Usually **we** will make this determination by reference to the rate designated as the British Bankers Association's Interest Settlement Rate on the Reuters Screen LIBOR01 page. The rate so determined by **us** and then rounded up to two decimal places shall apply as the **tracked rate** applicable to that **advance** from and including that **LIBOR adjustment date** to but excluding the next **LIBOR adjustment date**.
- C2.6 To the extent that the Bank of England base rate is specified as being the **tracked rate** applicable to an **advance**, then on any day that **tracked rate** shall be the official bank rate decided by the Monetary Policy Committee of the Bank of England which was (as determined by **us**) in force as at 5pm London time on the 12th day of the immediately preceding calendar month.
- C2.7 If for any reason it is not possible to determine the relevant **tracked rate** applicable to an **advance**, that **tracked rate** will be such other rate which **we** reasonably decide is a comparable rate at that time. If **we** decide that another rate of interest is to be that **tracked rate** for any period, **we** will tell **you** in writing within 14 days.
- C2.8 If **we** enter into a **mortgage transfer**, the applicable **interest rate** will be set and determined by or on behalf of the person to whom that **mortgage transfer** is made (and any such person can set the **interest rate** independently of any rate set by Fleet Mortgages Limited or any other person to whom a **mortgage transfer** was made).
- C2.9 **We** may reduce the **interest rate** at any time without giving prior notice.
- C2.10 **You** acknowledge and agree that from time to time the **interest rates** payable by **you** under the **mortgage documents** may be different to the interest rates payable by other customers given that **we** assess the circumstances and characteristics of each of **our** customers individually and may from time to time change **our** policies and/or agree special arrangements for different customers as **we** may decide, in **our** absolute discretion, in the course of **our** mortgage business.
- C2.11 On each occasion that the **interest rate** applicable to an **advance** changes, **we** will give **you** notice of the change in one of the ways set out in condition A5 at least 14 days before **you** have to make the first **monthly payment** which is worked out using the new rate. The change to the **interest rate** (as opposed to the **monthly payment**) will, however, come into effect as indicated in this condition C2.
- If the **interest rate** increases, the next **monthly payment you** make may not be sufficient to pay all of the interest that accrued in the relevant **interest period**. If this occurs, any unpaid interest will be added to the **amount owing** and **you** will pay interest on it. **You** can contact us to pay any unpaid interest instead if **you** wish to prevent this happening.

C3 Calculation and charging of interest

- C3.1 Interest will accrue on a daily basis on the **amount owing** on the **mortgage account** as calculated and charged in respect of that day in accordance with the terms of these conditions. This means that interest will accrue on amounts from the date on which they are charged or debited to the **mortgage account** (to the extent not paid on that date) except to the extent that we choose from time to time to charge interest from a later date.
- Interest will be payable and accrue on an **advance** from and including **completion**, even if it is released to **our** legal adviser at **your** legal adviser's request before **you** need to use it.
- If **we** allow **you** to not pay one or more **monthly payments** (as a 'payment holiday'), interest will, nevertheless, continue to accrue and be charged in the manner indicated in these conditions.
- C3.2 Each **interest rate** is a yearly rate. To calculate the amount of interest accruing on a daily basis, **we** divide the annual amount of interest by 365.
- C3.3 In respect of each **interest period we** shall calculate and charge the relevant amount of interest for that **interest period** to the **mortgage account** on the first day of that **interest period**, that calculation being made using the relevant **interest rate** and the **amount owing** in respect of the relevant **advance** (or, as applicable, relevant part of the **advance**) as the end of each day in that **interest period**. Accordingly, depending upon which day of an **interest period** the **monthly payment day** falls, interest may be charged and due in advance or in arrear or partially in advance and partially in arrear.

If the **monthly payment day** falls prior to the last day of the related **interest period** and the **interest rate** changes during the period between those two days, **we** will recalculate the interest charged for that **interest period** under this condition using the new rate from the day on which the change takes effect.

- (a) If the result of that recalculation indicates that too little interest was charged to the **mortgage account** on the relevant **monthly payment day**, then **we** will charge the shortfall to the **mortgage account** upon making that recalculation.
 - (b) Alternatively, if the result of that recalculation indicates that too much interest was charged to the **mortgage account** on the relevant **monthly payment day**, then **we** will credit the excess to the **mortgage account** upon making that recalculation.
- C3.4 If **you** fail to pay any money to **us** when **you** are obliged to **we** may also charge and accrue interest at the **interest rate** on the money from the date on which **you** should have paid it until it is paid.
- C3.5 **We** will continue to charge interest at the applicable **interest rate** after any court order requiring **you** to pay the whole or any part of the **amount owing**.
- C3.6 **We** may change the method used for calculating interest to reflect changes in **our** procedures for calculating interest. A change in such method must not materially increase **your** obligations. **We** will give **you** notice of any change to the method of calculating interest by giving notice to **you** in one of the ways set out in condition A5 a reasonable time in advance of the change taking effect.
- C3.7 Any accrued interest which is not paid by the end of the **interest period** in which it accrued will itself bear interest from the end of that **interest period** until the end of the **interest period** during which **we** receive payment of it and such unpaid interest shall accrue at the same rate as interest accrues (or would accrue) on the underlying amount on which such unpaid interest accrued.

C4 Changes to the interest period

- C4.1 **We** may change the day on which an **interest period** begins and/or ends at any time for any of the following reasons:
- (a) to allow **us** to pay money **we** owe to third parties;
 - (b) to accommodate changes in technology;
 - (c) to reflect the practice of other mortgage lenders;
 - (d) to allow **us** to meet **our** reasonable needs for the development of **our** business; or
 - (e) any other circumstances which **we** reasonably consider to be relevant, having notified **you** of those circumstances before the change comes into effect.
- We** will tell **you** of the change in one of the ways set out in condition A5. The notice will be given a reasonable time before the change takes effect.

C5 Fees, charges and expenses

- C5.1 **You** must pay fees, charges and **expenses**:
- (a) when indicated in the **mortgage documents**; or
 - (b) in the absence of any such indication, when **we** ask for them or, if earlier, when **we** charge them to the **mortgage account** (in each such case **we** shall give **you** reasonable advance notice).
- C5.2 If any fees, charges and **expenses** relate to payments made or to be made to third parties, **we** will try to give notice to **you** within a reasonable time stating the amount of the fees, charges and **expenses**, the nature of the service supplied by the third party and the date on which they have to be paid or were paid to the third party.
- C5.3 All fees, charges and **expenses** will be charged to the **mortgage account** and form part of the **amount owing**. They will bear interest at the **interest rate** as follows:
- (a) where a fee, charge and/or **expense** has been paid to a third party, it will bear interest from the date on which **we** charge it to the **mortgage account**; and
 - (b) where **we** recover **our** internal **expenses** by the imposition of an administration fee or charge, the fee or charge will bear interest from the date on which **we** charge it to the **mortgage account** (which date shall not be earlier than the date **we** notify you in writing that the fee or charge is to be imposed).
- You** can contact **us** to arrange payment of **expenses** at any time, if **you** wish to avoid increasing the **amount owing** or incurring interest on the **expenses**.

- C5.4 **We** may change **our tariff** by:
- (a) adding or removing charges or fees to reflect the nature of the work which **we** do;
 - (b) changing the amount of any charge or fee to reflect changes in the cost of doing the work or the value of money.
- C5.5 **We** will give **you** a copy of **our** current **tariff** at any time on request. **We** will also send **you** a copy of **our tariff** each year in which there have been changes to it.

C6 Monthly payments

- C6.1 On each **monthly payment day** **you** will pay **us** an amount equal to the then **monthly payment** but, if that **monthly payment** day is not a **business day**, **you** will pay **us** that amount on the next **business day**. **You** must continue to make a **monthly payment** while there is any **amount owing**.
- C6.2 Unless **we** otherwise agree, **you** will make each **monthly payment** by direct debit from a current account nominated by **you** and approved by **us**.
- If any direct debit is refused, **we** can charge a reasonable fee, set out in the **tariff**, for each unsuccessful request for payment (this will not affect **our** other rights under the **mortgage documents**).
- C6.3 Any money which **you** pay to **us** will be treated as received by **us** only when **we** receive the money in cleared funds.
- C6.4 For the purpose of calculating the **monthly payment** **we** may assume that each month is an equal 12th part of the year.
- C6.5 The amount of the initial **monthly payment** is set out in the **mortgage offer** relating to the **initial advance** (unless on or before **completion** **we** notify **you** in one of the ways listed in condition A5 that it is to be a different amount).
- After **completion**, **we** may require **you** to make an extra payment to pay off the interest which accrues between **completion** and the next **monthly payment day**. If so, **we** will notify **you** of the exact amount involved and it when will be due (and **we** may recover it by direct debit on that day).
- C6.6 After **completion**, and from time to time, **we** may work out the amount of a new **monthly payment** to take account of the following:
- (a) changes to the **interest rate**;
 - (b) changes to the **amount owing** (including any new amounts which have been lent to, or become owing by, **you** or any early repayments made by **you**);
 - (c) changes to the **mortgage period** made with **your** agreement;
 - (d) changes to the **interest period**;
 - (e) you fail to pay one or more **monthly payments** on time;
 - (f) the withdrawal or granting of, or change to, any arrangement allowing **you** to delay paying the **amount owing**;
 - (g) changes to the relevant **amount owing** in respect of which instalment repayments to be made by **monthly payment** in accordance with condition C1.1 will be fully repaid with interest by the end of the **mortgage period**; and
 - (h) any other circumstances which **we** reasonably consider to be relevant, having notified **you** of those circumstances before the changed **monthly payment** becomes due.
- In setting a **monthly payment** under these conditions, it may be rounded up to the nearest whole pound.
- C6.7 If the **monthly payment** is changed, then depending on the circumstances:
- (a) the **monthly payment** made by **you** in respect of the **interest period** in which that change took effect may not be enough to pay off all the amount payable in that **interest period**, in which case it will result in an increase in the amount on which interest is charged from the beginning of the following **interest period**. This is likely to happen if an **interest rate** increases. If **you** wish to stop this happening **we** will be happy to tell **you**, on request, the amount of the shortfall so that **you** can pay it off; or
 - (b) the **monthly payment** made by **you** in respect of the **interest period** in which that change took effect may be more than the amount required to pay off all the amount payable in that **interest period**, in which case the excess will be treated a part repayment of the **amount owing**.

C6.8 If **we** work out the amount of a new **monthly payment**, **we** will still be entitled to demand immediate payment of any arrears of **monthly payments** and other money which **you** owe at the time of the recalculation. The recalculation will not be a rescheduling of the **amount owing** or any part of it or mean that **we** are agreeing not to take any action which **we** could take under the **mortgage documents**.

C6.9 **We** will tell **you** of any change to the **monthly payment** (including the amount of the new **monthly payment**) in writing.

C7 Changes to the monthly payment day

C7.1 **We** may change the **monthly payment day** at any time for any of the following reasons:

- (a) to allow **us** to pay money **we** owe to third parties;
- (b) to accommodate changes in technology;
- (c) to reflect the practice of other mortgage lenders; or
- (d) any other circumstances which **we** reasonably consider to be relevant, having notified **you** of those circumstances before the changed **monthly payment day** takes effect.

C7.2 **We** will tell **you** of the change in writing. The notice will be given a reasonable time (which will be at least 60 days) before the new **monthly payment day**.

C8 The mortgage account

C8.1 **We** can apply any payment made by **you** which is less than the full amount due against any payment and discharge of any part of the **secured liabilities** which **we** reasonably decide.

C8.2 **We** may, if **we** choose, open and operate more than one **mortgage account** in relation to the **amount owing**, particularly, if there is more than one **advance** and/or different **interest rate** and/or different repayment arrangements are to apply to different parts of an **advance**. **We** can operate each **mortgage account** in such manner as **we** decide as long as it is not contrary to the provisions of the **mortgage documents**.

C8.3 A certificate of any of **our** managers or officers or **our** company secretary as to the amount for the time being of the **amount owing** will for all purposes (apart from obvious mistakes) be conclusive evidence of that amount.

D. Looking after the mortgage property

D1 Buildings insurance

D1.1 If the **mortgage property** is held under a lease and another party to the lease (usually the landlord) is legally obliged to insure the **mortgage property** or the **mortgage property** is part of a larger building and is insured under a common policy relating to that building:

- (a) it must be a condition of the title to the building of which the **mortgage property** is a part that the owners of it (or a management **company**) maintain insurance for the whole of such building; and
- (b) **you** must make sure that:
 - the insurance cover is for the whole building of which the **mortgage property** is part;
 - any money claimed under the policy will be used to restore the building and fixtures;
 - the policyholder is responsible for seeing that the insurance is adequate; and
 - the requirements set out in condition D1.3 are complied with at all times.

D1.2 If condition D1.1 does not apply, **you** will maintain insurance in respect of the **mortgage property** which at all times complies with the requirements set out in condition D1.3 and **you** must pay all of the insurance premiums on time.

D1.3 The insurance referred to in conditions D1.1 and D1.2 must comply with the following requirements:

- (a) the insurance must be kept in force until **you** have repaid and discharged the **secured liabilities**;
- (b) the cover must include damage resulting from fire, subsidence/heave, landslip, aircraft, explosion, storm, flood, earthquake, impact, bursting/leaking of water tanks or pipes, riot, vandalism and malicious acts, each other risk specified in the **mortgage offer** and such other risks as **we** may from time to time reasonably require;
- (c) the amount of cover must be for the full reinstatement value of the **mortgage property**, being the amount, including value added tax, required:
 - to demolish and/or rebuild the **mortgage property**;
 - for site clearance of the **mortgage property**;
 - to pay surveyors and other professional fees;

- to comply with planning permissions and local-authority requirements;
- to pay for alternative accommodation and for recovery of rent lost during any period of reinstatement,

such amount to be adjusted at least once a year in accordance with any change in the House Rebuilding Cost Index prepared by the Royal Institute of Chartered Surveyors or, if that index ceases to exist, such similar index as **we** in **our** reasonable discretion decide;

(d) the policy must be with a reputable insurer.

- D1.4 If **we** ask, **you** must show **us** a copy of the policy for the insurance referred to in conditions D1.1 and D1.2 and proof that it is paid up to date. If **we** ask, **you** must show **us** and **we** can retain the original policy for the insurance referred to in condition D1.2.
- D1.5 **You** will not do or allow anything to be done (including on the **mortgage property**) which may prejudice any insurance policy providing cover in relation to the **mortgage property**, whoever arranges it. **You** must ensure that each occupant of the **mortgage property** is aware of the terms of such insurance and each condition that needs to be complied with.
- D1.6 If the insurance referred to in conditions D1.1 and D1.2 is cancelled or lapses at any time, **you** must inform **us** immediately.
- D1.7 If the insurance referred to in conditions D1.1 and D1.2 is taken out and the cover is later rearranged with another insurer or under a different policy, the requirements of this condition D1 must still be complied with and a new approval must be obtained from us (for which a further fee may be charged).
- D1.8 **You** must immediately tell **us** about any damage to the **mortgage property** which may give rise to a claim under the insurance policy.
- D1.9 If **you** receive any money under any insurance policy maintained under the **mortgage documents** or which relates to the **mortgage property**, **you** agree and declare that **you** hold it on trust for **us** and **you** must notify **us** as soon as you have received it.
- D1.10 If **you** or **we** receive any money under an insurance policy maintained under the **mortgage documents** or which relates to the **mortgage property**, **we** may decide whether to use the money to make good the loss or damage for which the money was received or to use it to pay and discharge all or any part of the **secured liabilities**. **We** will be entitled to settle and adjust all claims with the insurers regardless of whether or not the insurance is arranged by **us**, but **we** will act reasonably in doing so.
- D1.11 If **you** do not comply with the requirements of this condition D1:
- (a) **We** may (without having any obligation to do so) arrange such insurance as **we** in **our** reasonable discretion consider appropriate.
 - (b) **We** will decide on the terms, amount of cover and risks of such insurance and **we** have no duty of obligation to make sure that it covers **you** and/or **your** interests in the **mortgage property** or is adequate for **your** purposes.
 - (c) **You** must pay and reimburse **our expenses** in respect of such insurance (including **our** internal **expenses** at the rate indicated in **our tariff**). See condition C5, which applies to **expenses**.

D2 Protective undertakings

- D2.1 **You** agree that (unless and to the extent that the **mortgage offer** indicates otherwise and/or **you** have first obtained **our** written consent):
- (a) **you** will look after the **mortgage property** so that it keeps its value as **our** security and keep the **mortgage property** in good repair and condition to **our** reasonable satisfaction;
 - (b) **you** will keep all the utilities on the **mortgage property** and any heating system in good working order;
 - (c) **you** will, if a fixture is removed or damaged, immediately replace it with one of the same or greater value and quality;
 - (d) **you** will live in and use the **mortgage property** solely as **your** main home, except to the extent that condition D3 applies;
 - (e) **you** must remain a resident of the United Kingdom until **you** have repaid the whole of the **amount owing**;
 - (f) **you** will allow and enable **us** or **our** agents to go into the **mortgage property** at any reasonable time:
 - to inspect it; and
 - to carry out work which **we** have requested **you** to do and which **you** have failed to do within a reasonable time;

- (g) if **you** receive any notices about the **mortgage property** (for example, a notice from a local planning authority or a remediation notice under the Environmental Protection Act 1990 or from **your** landlord or any legal proceedings or litigation concerning the **mortgage property** or **your** obligations in respect of it) **you** will:
- promptly, and in any event, within 7 days of its receipt, send **us** a copy; and
 - take all reasonable steps to keep to the requirements of the notice and **our** reasonable requirements (including joining with **us** in agreeing or objecting to or taking other steps in response to any such notice, proposal or proceedings) about the notice within a reasonable time;
- (h) **you** will keep to all covenants, title conditions and laws which affect the **mortgage property** or its use;
- (i) **you** will pay all taxes, outgoings and other money payable for the **mortgage property** on time and produce the receipts to **us** within a reasonable time if we ask **you** to;
- (j) if the **mortgage deed** is governed by Scots law, **you** must give **us** notice in the event that **you** acquire the ownership of the **mortgage property** where **our** standard security is over a long leasehold interest. If **we** ask, **you** must grant a first standard security in **our** favour over that ownership interest;
- (k) if the **mortgage deed** is governed by English law and **your** title to the **mortgage property** is leasehold:
- **you** will send **us** a copy of any notice which **you** give under the Leasehold Reform Act 1967 or under the Leasehold Reform and Urban Development Act 1993;
 - **you** must notify **us** immediately if **your** landlord takes steps to forfeit the lease;
 - **you** will inform **us** of any proposal to convert the leasehold title to commonhold;
 - if the term of the lease of the **mortgage property** is extended or if **you** acquire the freehold of the **mortgage property**, **you** will sign a new **mortgage deed** incorporating these conditions giving us a legal charge over the extended term or the freehold interest if **we** ask **you** to;
- (l) if **you** are a **company**, **you** will:
- maintain any authorisation required to enable the **company** to perform its obligations under the Agreement;
 - not enter into any amalgamation, demerger, merger or reconstruction or any joint venture or partnership agreement or arrangement;
 - comply with all laws to which it may be subject; and
 - not make or allow any change to its directors or shareholders.

D2.2 **You** agree not to do any of the following (unless and to the extent that the **mortgage offer** indicates otherwise and/or **you** have first obtained **our** written consent):

- (a) sell the **mortgage property** or otherwise create or agree to create any interest in favour of any other person over the **mortgage property** or make any declaration of trust of any of **your** interests in relation to the **mortgage property**;
- (b) neglect or damage the **mortgage property** or do anything else to reduce its value;
- (c) alter the structure of the **mortgage property** or add anything to it or demolish all or any part of the **mortgage property** or change its use or carry out any development on the **mortgage property** within the meaning of, if the **mortgage deed** is governed by Scots law, Section 26 of the Town and Country Planning (Scotland) Act 1997 or, if it is not, Section 22(1) of the Town and Country Planning Act 1971. Where necessary, **you** must also obtain the approval of the local planning authority to the changes;
- (d) apply for or obtain any planning consent or any grant in relation to the **mortgage property**;
- (e) grant or agree to grant any lease, tenancy, sub-let or licence of the **mortgage property** except to the extent that condition D3 applies (and any right **you** have under the Law of Property Act 1925 to grant or accept a surrender of leases does not apply);
- (f) create or allow to exist any security over the **mortgage property** other than the security created by the **mortgage deed**;
- (g) share or part with possession of the **mortgage property**, except to the extent that condition D3 applies;
- (h) (if **your** title to the **mortgage property** is leasehold) give up the lease, accept or grant a surrender of the lease, agree to any changes in its terms or break any of its terms so as to allow the landlord to forfeit or terminate the lease, or buy the freehold or any superior title to the **mortgage property** or any land or building that includes the **mortgage property**;
- (i) settle any compulsory acquisition compensation in relation to the **mortgage property**;

- (j) leave the **mortgage property** empty for more than 28 days running (unless **you** have a **buy to let mortgage** and are making reasonable efforts to let the **mortgage property** in accordance with condition D3);
 - (k) close the account from which direct debits are collected by us or cancel or alter the direct debit mandate to the bank or building society at which the account is maintained;
 - (l) use or allow the use of the **mortgage property** for non residential purposes (including agricultural or business purposes) or any illegal or immoral activities;
 - (m) allow any person other than **you** to be registered as the proprietor of the **mortgage property** or, except to the extent that condition D3 applies, allow any other person to acquire any right to occupy or other interest in the **mortgage property**;
 - (n) do (or allow to be done) anything on the **mortgage property** which has a prejudicial effect on any insurance maintained by **us** or **you** in connection with the **mortgage property** (including anything which may increase the premium or restrict the ability to make a claim, increase the amount of any deductible or reduce the amount payable by the insurer);
 - (o) knowingly cause or allow the **mortgage property** to become contaminated land under the Environmental Protection Act 1990.
- D2.3 Whenever **we** reasonably ask during the **mortgage period**, **you** must tell **us** in writing who is in occupation of the **mortgage property** and whether there has been any change in those persons who occupy the **mortgage property** since the date we last asked **you**.
- D2.4 **You** will bear the cost of complying with **your** obligations under conditions D2.1 and D2.2.
- D2.5 If you do not comply with conditions D2.1 and D2.2, **we** can do anything which **you** should have done under those conditions on **your** behalf. If **we** do, **you** will be responsible for any **expenses we** pay and may add the **expenses** to the **amount owing**.
- D2.6 If at any time **you** have let the **mortgage property** against the conditions of the **mortgage documents**, **we** may without affecting **our** other rights under this **mortgage documents**:
- (a) demand that **you** immediately repay the **amount owing**; and/or
 - (b) increase the **interest rate** by 1% to reflect that the lending has changed and the extra lending risk **we** incur; and/or
 - (c) evict the tenant.

D3 Permitted letting of the mortgage property

- D3.1 The terms of this condition D3 only apply if **you** have a **buy to let mortgage** or if **we** give **you** a consent in writing to let the **mortgage property**.
- D3.2 If **you** have a **buy to let mortgage**:
- (a) **you** must let the **mortgage property** within one month of **completion** of the initial advance;
 - (b) each time the **mortgage property** ceases to be let, you will re-let the **mortgage property** as soon as possible; and
 - (c) **you** must not occupy the **mortgage property**.
- D3.3 Any tenancy terms created must comply with the following:
- (a) if the **mortgage deed** is governed by English law, any tenancy of the **mortgage property** created before 1 March 1997 must be an Assured Shorthold Tenancy as defined in the Housing Act 1988 and be for a term of not less than six months. **You** must ensure that **your** legal representative produces to **us** or **our** legal representative valid notices served under Section 20 of the Housing Act 1988 before the tenancy was created together with a copy of the tenancy agreement;
 - (b) if the **mortgage deed** is governed by English law, any tenancy created after 28 February 1997 must in all respects comply with the Housing Act 1996 as an Assured Shorthold Tenancy and the letting must not be for more than twelve months;
 - (c) if the **mortgage deed** is governed by English law, **you** must produce evidence to **our** legal representative, before buying a **mortgage property**, that all provisions of Part 1 of the Landlord and Tenant Act 1987 and the Housing Act 1996 have been complied with by the seller or **you** as appropriate;

- (d) if the **mortgage deed** is governed by Scots law, any tenancy of the **mortgage property** must be a Short Assured Tenancy as defined in the Housing (Scotland) Act 1988 and be for a term of six months. **You** must ensure that **your** legal representative produces to **us** or **our** legal representative valid notices served under Section 32 of the Housing (Scotland) Act 1988 before the tenancy was created together with a copy of the tenancy agreement;
 - (e) the letting must be for residential purposes only
 - (f) the letting must require use as a single residential property unless the **mortgage offer** permits multiple occupation;
 - (g) the letting must not confer any security of tenure on the tenant(s) beyond the end of the contractual term;
 - (h) references about ability to pay the rent and character must be obtained for the proposed tenant(s) and must be made available when **we** ask for them;
 - (i) any tenancy agreement must be in a form normally used for residential agreements and must contain no terms which can adversely affect **our** interest as mortgagee or heritable creditor;
 - (j) no sub-letting is allowed; and
 - (k) tenant rent deposits will be placed with a recognised Government approved tenancy deposit protection scheme.
- D3.4 If **you** do let or lease all or any part of the **mortgage property**:
- (a) **you** must fully and punctually comply with **your** obligations under the tenancy agreement;
 - (b) **you** must do whatever is legally necessary to ensure that the tenants carry out their obligations under the tenancy agreement; and
 - (c) **you** must not extend or end the lease or tenancy, or agree to any of the terms being changed, unless **you** have **our** prior written consent.
- D3.5 The following are unacceptable as tenants for the **mortgage property**, unless **you** have **our** prior written consent:
- (a) a member of **your** family or **your** partner or a member of any **guarantor's** family of any **guarantor's** partner;
 - (b) (if **you** or any **guarantor** is a **company**) any director, officer or employee of the **company**;
 - (c) multiple tenancies;
 - (d) Department for Work and Pensions tenants;
 - (e) local authority tenants;
 - (f) people who could claim diplomatic immunity; and
 - (g) housing association tenants.
- D3.6 If we request:
- (a) **you** shall procure that all amounts receivable (including all the sums referred to in condition E1.1(e)) in respect of the **mortgage property** shall be paid directly to **your** account with **us** (or such other account as we may from time to time direct); and
 - (b) **you** shall, forthwith upon such request, notify the tenants and occupiers of the **mortgage property** of **your** assignment to **us** of all such amounts receivable in respect of the **mortgage property** and instruct them to make all payments in respect the **mortgage property** direct to the relevant account.
- You** agree and declare that **you** hold all such amounts receivable in respect of the **mortgage property** on trust for **us** following any such request. This does not affect any obligation on **you** in **your** capacity as landlord of the **mortgage property**.
- D3.7 **We** are not qualified to advise, and **we** have not given **you** any advice in relation to any letting of the **mortgage property** (including the viability of any letting of the **mortgage property**, how easy to let 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). If **we** make an advance, this does not imply any representation by **us** as to any of these matters.
- We** have no control over the management of the **mortgage property** and **we** do not have and do not accept any responsibility with regard to any lettings of it (including the choice or suitability of any occupant, any risk that **you** may create a letting or tenancy where the tenant obtains security of occupation which is greater than **you** may have intended, any risk as to the performance by the occupants of their obligations, whether to pay **you** money, look after the **mortgage property**, leave it when required or otherwise).

You will still be liable for the payment and discharge of the of the **secured liabilities** and making **monthly payments** even when the **mortgage property** is not let.

- D3.8 If the **mortgage deed** is governed by English law, **you** must at all times when all or any part of the **mortgage property** is leased maintain all necessary registrations, consents and licences as landlord as may be required in relation to the **mortgage property** including under the terms of the Housing Act 2004 and any other regulations made in pursuance of that Act.
- D3.9 If the **mortgage deed** is governed by Scots law, **you** must at all times when all or any part of the **mortgage property** is leased maintain all necessary registrations, consents and licences as landlord as may be required in relation to the **mortgage property** including under the Antisocial Behaviour etc. (Scotland) Act 2004 and (where applicable) the Civic Government (Scotland) Act 1982 (Licensing of Houses in Multiple Occupation) Order 2000.

E. The security and other protections

E1 Aspects of the security and other protections

E1.1 By signing the **mortgage deed**, as further continuing security for the payment and discharge of all the **secured liabilities** and with full title guarantee, to the extent not included in the security given to **us** under the **mortgage deed**, if the **mortgage deed** is governed by English law, **you** charge to **us** or, if the **mortgage deed** is governed by Scots law, **you** declare and agree that **you** hold on trust for **us**:

- (a) any rights **you** have under any agreement or guarantee relating to the **mortgage property** (including any obligation, security, right or indemnity affecting or concerning the **mortgage property**) and any right of action for negligence or misrepresentation affecting the value of the **mortgage property** or **your** decision to buy it;
- (b) any rights **you** have to claim damages in relation to the **mortgage property** (such as a claim arising from a mis-representation about the value of the **mortgage property** or against someone who has damaged the **mortgage property**);
- (c) any rights **you** have to shares in a management or residents' **company** or similar association because of **your** interest in the **mortgage property**;
- (d) all easements, servitudes and rights which benefit the **mortgage property**;
- (e) any right **you** may have to sums (including rent, licence fees, compensation or insurance money payable in respect of the **mortgage property**) which (under any statute or law or contract and whether as of right, volunteered or otherwise) are or may become payable in respect of the **mortgage property**, any damage to it or reduction in its value;
- (f) any right **you** may have to extend the term of any lease of the **mortgage property** or to take a new lease or acquire the freehold or ownership of or other such interest in the **mortgage property**; and
- (g) any leasehold, freehold or heritable interest in the **mortgage property** which **you** acquire after the date of the **mortgage deed**.

If the **mortgage deed** is governed by English law, to the extent that any of the above are not effectively charged under this condition E1.1, **you** declare and agree that **you** hold them on trust for **us**.

You will take any action in respect of the things expressed to be charged to and/or held on trust for **us** in this condition E1.1 which **we** request **you** to. In particular, **you** will sign a document assigning them absolutely to **us** as security for the **secured liabilities**, if we request **you** to. That document will be prepared by **us** and will, unless **we** indicate otherwise, incorporate these conditions.

E1.2 The **mortgage deed** secures for the payment and discharge of the secured liabilities and is separate from any other security **we** may hold for the **secured liabilities** from time to time. It is a continuing security and will continue in force until **we** release it. **We** do not have to release the **mortgage deed** after **you** have paid the **amount owing** until **you** have also paid and discharged the rest of the **secured liabilities** and **we** are under no obligation to lend further amounts to **you**. No previous security held by **us** over the **mortgage property** will merge with this security as a result of the **mortgage deed**.

The **mortgage deed** will not be discharged or otherwise affected by any invalidity or lack of enforceability or irregularity or defect in any security **we** may now or may at any time hold or expect to hold in respect of all or any of the **secured liabilities**. Furthermore, section 93 of the Law of Property Act 1925 does not apply to the **mortgage deed**.

- E1.3 If, on realisation of **our** security the net proceeds are not enough to pay and discharge all of the **secured liabilities**, **you** will at once pay the shortfall to **us**. **You** must pay the shortfall even if **we** have given a deed of discharge or release. Any shortfall will bear interest at the **interest rate** until all of the **secured liabilities** are paid and discharged in full. Interest will accrue and be charged at the **interest rate** after any court order against **you** and even if you go bankrupt.
- E1.4 **You** must deposit with **us**, and **we** will be entitled to retain and hold until the **mortgage deed** is released, all deeds and documents of title relating to the **mortgage property**.
- E1.5 If **you** hold or become entitled to a share in a management or resident's **company** or similar association because of **your** interest in the **mortgage property**, **you** will deposit any share certificate with **us** together with a signed share transfer form with the name of the transferee left blank. **We** will be entitled to do any of the following things on **your** behalf:
- transfer the share to any person to whom **we** have sold the **mortgage property** under **our** power of sale and receive any consideration for that transfer;
 - exercise any voting rights as a result of **our** having taken possession of the **mortgage property**.
- E1.6 **You** agree to do anything (including sign any document) which **we** reasonably request **you** to do in order to:
- perfect or improve any security created or intended to be created for the payment and/or discharge of the **secured liabilities**;
 - help the exercise or the proposed exercise by **us** of any of **our** powers under any of the **mortgage documents**; and
 - protect, manage or sell the **mortgage property** or any other security for the payment and/or discharge of the **secured liabilities**.
-
- E2 Enforcement of the security**
- E2.1 If any of the following happens, it is a serious event:
- you** fail to make two **monthly payments** or more when they are due and at the time of **our** demand those **monthly payments** have still not been paid in full;
 - you** fail to pay any other amount which **you** owe to **us** (whether or not under the **mortgage documents**) within two months of **us** giving **you**, after it has become due, a written demand to pay it;
 - unless **you** have a **buy to let mortgage**, **you** lease or let the **mortgage property** without our permission;
 - whether or not **you** have a **buy to let mortgage** **you** let in such a way that breaks the **mortgage documents**;
 - if **you** have a **buy to let mortgage**, **you** occupy the property without **our** prior written consent
 - you** break any of the other terms of the **mortgage documents** which **we** decided, acting reasonably, is significant and, if it is capable of remedy, is not remedied within such period as **we** reasonably specify in a notice asking **you** to remedy it;
 - if **you** are the only borrower, **you** die or if there is more than one of **you**, the last one of **you** dies (in this condition E2.1(g), '**you**' does not include **your** personal representative);
 - if any **guarantor** dies;
 - a bankruptcy order or award of sequestration is made against **you** or any **guarantor** or **you** or any **guarantor** applies for an interim order or enters into any composition or arrangement with or for the benefit of creditors generally;
 - if **you** or any **guarantor** is a **company** and:
 - notice is given of intention to appoint an administrator of the **company** or a receiver of its property;
 - an application to appoint an administrator or a petition is presented for the winding up or dissolution of the **company**;
 - a liquidator or an administrator is appointed;
 - a receiver is appointed over all or a material part of the **company's** assets;
 - the **company** is dissolved or struck off;
 - the **company** ceases to carry on all or a material part of its business;
 - the **company's** assets are distrained against; and/or
 - there is any change in the directors or shareholders of the **company** without **our** prior written consent;

- (k) **you** give **us** possession of the **mortgage property** or a mortgagee or heritable creditor or other person interested in the **mortgage property** takes proceedings for possession or to realise its interest in it or otherwise enforce its interest;
- (l) **you** give possession of any other immoveable property to **us** or a mortgagee or heritable creditor interested in that immoveable property, or **we** or any such mortgagee or heritable creditor take(s) proceedings for possession or to realise **our**/its interest in it or otherwise enforce **our**/its interest;
 - (m) any part of the **mortgage property**, which **we** reasonably consider is significant, is compulsorily purchased or requisitioned;
 - (n) if the **mortgage deed** is governed by English law and **your** title to the **mortgage property** is leasehold, **you** break the terms and conditions of the lease and so receive a notice under section 146 of the Law of Property Act 1925 demanding that **you** take action to put the situation right and **you** fail to do so within the time set out in the notice;
 - (o) any person (apart from **us**) with a right, claim or interest in the **mortgage property** takes legal action to repossess it or to enforce such person's right, claim or interest;
 - (p) if, in **our** reasonable opinion or that of **our** agents, the value, effectiveness or enforceability of **our** security is lowered because of anything you have done or failed to do or the **mortgage property** or any part of it is damaged and **we** decide, acting reasonably, that this is significant;
 - (q) **your** title to the **mortgage property** is defective in any way that **we** decide, acting reasonably, is significant;
 - (r) the **mortgage deed**, any guarantee or any other security for the **secured liabilities** is no longer valid or legally binding for any reason in any respect that **we** decide, acting reasonably, is significant;
 - (s) the charge by way of legal mortgage or (as appropriate) standard security expressed in the **mortgage deed** does not have first priority or is in any way not perfected or alleged to be improperly perfected;
 - (t) **we** become aware of any misrepresentation in, or omission from, any information supplied to **us** about **you**, any **guarantor** or the **mortgage property**, either before or after **completion**, in each case which **we** decide, acting reasonably, is significant;
 - (u) if **you** or any **guarantor** perpetrate, attempt or are involved in any act of fraud or other criminal activity; or
 - (v) **we** reasonably believe a change in **your** circumstances any **guarantor's** financial or other circumstances has occurred which **we** decide, acting reasonably, is likely to adversely affect the ability of **you** or any **guarantor** to perform obligations under the **mortgage documents**.

If any of the above events happen, and the **mortgage deed** is governed by Scots law, **you** will be in default in terms of Standard Condition 9(1)(b) contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970.

- E2.2 Once any of the events set out in condition E2.1 has occurred (no matter what any other provisions of the **mortgage documents** say) and **we** have notified **you** in writing about the occurrence of that event, and warned **you** of the action that **we** may take, and **we** have taken into account the circumstances which **we** decide, acting reasonably, are relevant, and **we** have decided, acting reasonably, that **you** have failed to fully implement a satisfactory solution to the situation, **we** may do any of the following things:
- (a) demand that **you** immediately pay and discharge all of the **secured liabilities**;
 - (b) require **you** to leave all or part of the **mortgage property**;
 - (c) (if the **mortgage deed** is governed by English law) appoint, in writing, one or more people (whether or not one of **our** officers or employees) to be a receiver of all or any part of the **mortgage property** and any other security for the **secured liabilities**;
 - (d) take possession of all or part of the **mortgage property** (if the **mortgage deed** is governed by Scots law, in accordance with the Conveyancing and Feudal Reform (Scotland) Act 1970);
 - (e) if all or part of the **mortgage property** is let, collect the rent;
 - (f) sell, agree to sell or grant an option over all or part of the **mortgage property** and any other security for the **amount owing** on any terms;
 - (g) borrow money, using all or part of the **mortgage property** as security or not and pay any interest, costs or fees;
 - (h) confer any powers and authorities which **we** could confer if **we** were the absolute owner of the **mortgage property**;
 - (i) buy out anyone else's interest in all or part of the **mortgage property**;

- (j) manage, decorate or furnish all or part of the **mortgage property** and provide goods and services for any tenants;
 - (k) start or carry out repairs, maintenance, improvements or alterations and obtain planning permissions, building regulation approvals and any other consents or licences, in each case in relation to all or part of the **mortgage property**;
 - (l) insure all or part of the **mortgage property** for such amounts and against such risks and through such agency as **we** may decide;
 - (m) appoint, employ, pay and dismiss staff, contractors and agents;
 - (n) take any action or proceedings in connection with all or part of the **mortgage property** in **your** name or otherwise as **we** may decide;
 - (o) vary the terms of, end, renew or accept surrenders of leases or tenancies of the **mortgage property**:
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;
 - with any rights relating to other parts of the **mortgage property**;
 - containing any covenants on the part of **us** or anyone else;
 - generally on terms which **we** in **our** absolute discretion think fit;
 - (p) make any arrangements or compromises which **we** decide about any lease of the **mortgage property**, any other security for the **amount owing**, any covenants, conditions or restrictions relating to the **mortgage property** or anything else;
 - (q) grant, agree to grant, amend and/or terminate leases, tenancies, licences or users' rights of the whole or any part of the **mortgage property** on whatever terms **we** decide (subject only, if the **mortgage deed** is governed by Scots law, to the restrictions imposed by the Conveyancing and Feudal Reform (Scotland) Act 1970) (and, if the **mortgage deed** is governed by English law, the restrictions on granting leases in section 99 of the Law of Property Act 1925 do not apply to **us**);
 - (r) if the **mortgage deed** is governed by English law, exercise all the other powers conferred on mortgagees by the Law of Property Act 1925 and have and exercise the same powers as a receiver or, if the **mortgage deed** is governed by Scots law, exercise all the other powers conferred on creditors by the Conveyancing and Feudal Reform (Scotland) Act 1970;
 - (s) require **you** to remove **your** furniture or goods or those of any other person staying in the **mortgage property** and, if **you** have not done so within 7 days of the notice, as **your** agent, remove, store, sell, rent or in any other way deal with any of the furniture or goods. **We** will not be responsible for any loss or damage caused by exercising this power unless **we** failed to take reasonable care in dealing with the furniture or goods; and
 - (t) do anything else the law allows in connection with all or part of the **mortgage property**.
- E2.3 Once any of the events set out in condition E2.1 has occurred, **we** may cancel any commitment to **you** (including any commitment to advance further amounts to **you**).
- E2.4 Once any of the events set out in condition E2.1 has occurred and:
- (a) **we** are holding any monies on **your** behalf pursuant to a power of sale or power to appoint a receiver in relation to another property owned by any one or more of **you** which is mortgaged to **us**; and
 - (b) the monies so held by us exceed the amount required to discharge the debt relating to that mortgage **we** can (but are not obliged to) use those monies which **we** are holding on behalf of any one or more of **you** to repay the **amount owing**.
- E2.5 If **you** are a **company**, once any of the events set out in condition E2.1 has occurred **we** may:
- (a) by notice in writing to **you** convert the floating charge contained in the **mortgage deed** into a fixed charge;
 - (b) if the **company** tries to create security over its assets or any person seeks to distrain or seize the **company's** assets or take action to do so then the floating charge will automatically take effect as a fixed charge; and/or
 - (c) appoint an administrator of the **company**.
- E2.6 If the **mortgage deed** is governed by English law, **we** have the power to sell the **mortgage property** given to **us** by section 101 of the Law of Property Act 1925 free from the restrictions in section 103 of that Act. This power will be available to **us** from the date of the **mortgage deed** (and for this purpose the **amount owing** shall be due at such date) but **we** will only use it as set out in condition E2.2 above.

E2.7 Entry into possession of the **mortgage property** shall not render **us** or any receiver liable to account as mortgagee or heritable creditor in possession. If and so often as **we** or any receiver enter into possession of the **mortgage property**, **we** or any receiver shall be entitled at any time to go out of possession.

When **we** or any receiver receive and/or are in possession of the rents of the **mortgage property** and the **mortgage property** contains **your** furnishing or other assets, any rent received will be apportioned only in respect of the **mortgage property**.

E2.8 Without in any way creating any duty of care owed by **us** to **you**, **you** agree that so long as:

- (a) **we** exercise reasonable care in selecting any third party, the amount recoverable from **you** shall not be affected by any neglect of the third party; and
- (b) **we** act reasonably upon the advice of a valuer or estate agent in the manner and pricing of a sale or the exercise of **our** powers and rights, **we** shall not be liable to **you** in respect of, nor will **your** liability be reduced for any loss or damage that follows from:
- selling the **mortgage property** or any of its permanent fixtures;
 - any action or failure to act during a sale of the **mortgage property**;
 - carrying out, or not carrying out, **our** powers; and/or
 - exercising or not exercising **our** rights.

E2.9 If the **mortgage deed** is governed by Scots law, once any of the events set out in condition E2.1 has occurred **you** undertake to vacate the **mortgage property** and to give **us** possession of it after **we** have given **you** 7 days' written notice requiring you to remove from the **mortgage property** and **you** agree that **we** may apply for a court order for **your** ejection from the **mortgage property** in any Sheriff Court in the area in which the **mortgage property** is situated at any time after the period of 7 days specified in the notice.

E3 Appointment of receiver

E3.1 This condition E3 and all references in the **mortgage documents** to a receiver appointed under this condition E3 shall not apply and shall be disregarded if the **mortgage deed** is governed by Scots law.

E3.2 Where **we** appoint more than one receiver they may be given power to act either together or on their own.

E3.3 **We** may, from time to time, agree the remuneration and charges of any receiver and may remove the receiver and appoint someone else. Section 109(6) and (8) of the Law of Property Act 1925 (relating to the remuneration and charges of a receiver) shall not apply.

E3.4 The receiver shall (so far as the law allows) be **your** agent. **You** alone will be liable for anything which he/she does or fails to do and for his/her charges.

E3.5 A receiver will have and be entitled to exercise all powers given by the Law of Property Act 1925 to a receiver and all powers given to **us** by the **mortgage documents**. The receiver shall also be entitled to exercise in relation to the **mortgage property** and any other security for the **amount owing** all the powers of an absolute beneficial owner. The receiver does not have authority to do anything **we** specifically exclude in writing at the time he/she is appointed or afterwards.

E3.6 Any money received by the receiver in the exercise of his/her powers under the **mortgage documents** and under general law shall be (so far as the law allows) applied by him/her as follows:

- (a) in payment of the costs, charges and **expenses** relating to his/her appointment and the exercise of all or any of his/her powers;
- (b) in payment of his/her remuneration;
- (c) in payment and/or discharge to **us** of the **secured liabilities**, and any balance shall be paid to the person entitled to it.

E4 You remain liable for shortfalls

You remain liable to immediately pay the **amount owing** in full even if:

- (a) the last day of the **mortgage period** occurs;
- (b) **we** have agreed to discharge the **mortgage deed** over the **mortgage property**; and/or

(c) if the **mortgage property** has been sold (whether after **we** have enforced some or all of the security or otherwise) and interest will continue to accrue and be payable at the **interest rate** on the **amount owing** and **we** continue to be entitled to charge **you** fees, charges and **expenses** (including after any court order requiring **you** to pay the whole or any part of the **amount owing**).

E5 Power of attorney

- E5.1 By signing the **mortgage deed**, for the purposes of securing **our** interest in the **mortgage property** and the **secured liabilities**, **you** irrevocably appoint **us** and any receiver appointed by **us** to be **your** attorney. The attorney will be legally entitled to do things on **your** behalf and the attorney's acts will bind **you** as though **you** had done them. The attorney may act in **your** name and on **your** behalf and, if there is more than one of **you**, either separately or jointly.
- E5.2 Under the power of attorney the attorney may (in each case acting reasonably):
- (a) give such notices or counter-notices and exercise such rights in respect of the **mortgage property** as **you** may be or become entitled to give or exercise whether under any statute or otherwise;
 - (b) subscribe for any shares referred to in condition E1.5 and/or transfer any such shares to anyone who has bought the **mortgage property** and receive any consideration payable for the shares (but this does not amount to **us** obtaining any interest in the shares);
 - (c) exercise any rights and carry out any obligations **you** have in connection with road making, the payment of road charges, private street improvements or drainage expenses, or any payment indemnity for those charges or expenses in respect of the **mortgage property**;
 - (d) do anything as the attorney may decide to do with a view to remedying any default in compliance with any of the **mortgage documents**, to carrying out any obligations or exercising, preserving and/or enforcing any rights **you** have in connection with the **mortgage documents** and/or the **mortgage property**, including:
 - making of any payments (whether by way of payment of rent or service charges or other monies payable under a lease or otherwise);
 - making of claims or assessments, enforcing and/or preserving any rights and giving receipts, waivers or releases;
 - effecting, maintaining, administering and/or renewing of insurance; or
 - executing works; and/or
 - (e) do anything (including execute any document) which **you** ought to do or can do under the **mortgage documents** or which may be required in connection with the **mortgage documents** including execute and deliver and otherwise effect, do, finalise, grant and/or enter into any document (whether or not a deed, assurance, agreement, or instrument).
- E5.3 The attorney will be entitled to delegate the power of attorney to third parties where this is reasonably necessary to help the exercise of the attorney's powers under the **mortgage documents** or applicable law.
- E5.4 The attorney will not be liable for anything which is done under the power of attorney unless the attorney has failed to use reasonable care in exercising the power.
- E5.5 This power of attorney shall cease when the **secured liabilities** have been fully paid and discharged and the **mortgage documents** released.

E6 Set off

- E6.1 If one of the events set out in condition E2.1 above has occurred, and **we** owe **you** any amount (whether or not in connection with the **mortgage documents**), **we** can set off that amount against a corresponding amount in respect of the **amount owing**.

E7 Protection of third parties

- E7.1 No one dealing in good faith with **us** or a receiver or an attorney appointed under the **mortgage documents** needs to check that **we**, that receiver or that attorney are exercising **our** rights according to the **mortgage documents**. If the **mortgage deed** is governed by English law, anyone buying the **mortgage property** or dealing in good faith with **us**, that receiver or that attorney is fully protected by the law (specifically, sections 104 and 107 of the Law of Property Act 1925).



Fleet Mortgages is a trading name of Fleet Mortgages Ltd
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