



Mortgage and Loan Terms and Conditions 2024

(England & Wales)

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Important things to know about your mortgage

Your agreement with us

This booklet sets out the terms that apply to your loan and mortgage. It also sets out the terms that apply to the agreement and relationship between you and us. It explains the things we need you to do, the things that you can't do and our rights. Together with the mortgage deed, the offer and our tariff of mortgage charges, these form the agreement with you.

Please carefully read this booklet, the offer and other documents we have given you. It is important that you understand them before you take out the loan so you understand how the mortgage will work. If you do not understand anything or have any questions before your mortgage starts, please speak to your conveyancer. After your mortgage has started, please speak to us if you have any questions.

How to read this booklet

To make this booklet easier to follow, we have tried not to use any "bank speak", but where we've had to, we've included an explanation in the "Terms you need to know" on page 6. Make sure you read these before you get started on the rest of the booklet. We've also broken it down into three parts.

PART 1 (Terms that apply to the loan): This part, along with the offer, sets out the conditions that apply to the money we have lent you for your property. It includes details of how you will pay back the loan; how we charge interest and apply it to the loan; and when you will need to pay our fees and charges, and when we can change them.

PART 2 (Terms that apply to the mortgage): This part sets out the conditions that apply to the security we have taken over your property. It explains the rights we have over your property and what we or any receiver can do if you break the agreement. For example, if you do not keep up the repayments on your loan, we can use our rights under the security to repossess and sell your property.

PART 3 (Terms that apply to the agreement and relationship between you and us): This part sets out the general conditions that apply to the agreement and the relationship between you and us.

Please keep this booklet in a safe place so you can refer to it in future. If you do misplace it, you can download another copy or request it in an alternative format from your Perenna portal.

You could lose your home if you don't keep up your mortgage repayments.

Summary of the main Terms and Conditions

We have set out a summary of some of the main conditions in the table below. It is a summary only. It is important that you read and consider all the terms in full, along with the other documents that make up the agreement.

| | Summary |
|-------------------------|---|
| Monthly payments | <p>You must make the monthly payments set out in the offer on time. There may be times where we need to adjust your monthly payment. We explain more about this in term 2.</p> <p>If you have a repayment mortgage, your monthly payments will gradually pay off the amount you have borrowed, as well as the interest charges, over the mortgage term.</p> <p>If you have an interest-only mortgage, your monthly payments will pay off the interest charged. You will still have to repay the amount you borrowed, in a lump sum at the end of the mortgage term.</p> <p>If you have an interest-only mortgage that is not a retirement interest-only mortgage, you must have a plan in place to repay the loan at the end of the mortgage term. It's your responsibility to regularly check that your plan is on track to repay everything you owe. The offer will explain if you have a retirement interest-only mortgage.</p> <p>If you do not repay the loan at the end of the mortgage term, we may take legal action against you which could result in us repossessing and selling the property and you losing your home.</p> |
| Joint borrowers | <p>If more than one of you is borrowing from us, the agreement applies to all of you together and to each of you on your own. This means that we may require just one of you to pay back all the money owed to us or all of you.</p> |
| Interest | <p>We will charge you interest on the amount that you have borrowed at the interest rate. You will find details about the interest rate in the offer. We charge interest daily on everything you owe, from the day we send the funds until the loan is repaid in full.</p> <p>Details of how we charge and apply the interest to your loan are set out in term 3.</p> |

| | Summary |
|-----------------------------|---|
| Early repayment | <p>You can make lump-sum overpayments at any time. Your offer will explain if there are any restrictions on the amount of the overpayment.</p> <p>We will charge you an early repayment charge if you repay your loan in full or in part during a period in which early repayment charges apply to a loan. Details of your early repayment charges and when they apply are set out in the offer.</p> |
| Flexible features | Your loan may include flexible features. Please refer to the offer for details of which flexible features apply. |
| Immediate repayment | <p>In certain circumstances, we can ask you to repay the total debt immediately. For example, we can do this if you are in arrears by an amount equal to 2 or more of your monthly payments on any loan or if you materially or persistently break your agreement with us. The full set of circumstances in which we may ask you to repay everything you owe us immediately is set out in term 8.</p> <p>It is important that you understand when we may ask you to repay the total debt immediately. If we do this and the money is not paid, we can take further action against you including asking the court to make an order allowing us to repossess and sell your property.</p> |
| Charges | <p>You agree to pay us any charges to recover the costs and expenses we reasonably incur in connection with your mortgage. These charges may cover the costs and expenses we have to pay third parties and our own administrative expenses. Examples of when you may incur a charge can be found in term 5.</p> <p>Our current list of standard charges is set out in our tariff of mortgage charges. A copy of this is provided to you with these terms. It is also available on our website at static.perenna.com/tariff. We can change these charges and introduce new charges. The reasons why we may do this are set out in term 6.</p> |
| Property obligations | <p>Your loan will be secured by us taking a charge over the property described in the offer. We do this to protect us from making a loss and it means we're allowed to use your property to recover any money you owe us if something goes wrong.</p> <p>It is important that you take good care of the property. Term 13 sets out your obligations in relation to maintaining the property, such as completing building work.</p> |

| | Summary |
|---|---|
| Action we may take | We or any receiver we appoint can take certain action in relation to the property if you fail to meet your obligations. These actions are set out in term 16. They include repossessing your property and selling it. |
| Transferring the loan and mortgage | We may transfer our interest in the mortgage and the loan to another person as set out in term 20. Any such transfer will not reduce your rights or increase your obligations or reduce any guarantees you have under the agreement. You may be able to transfer your rights and obligations in the loan and mortgage to another person. Please see term 11 for more details. |

Terms you need to know

Where we refer to **agreement**, we mean our agreement to give you a loan, which is made up of the offer, these terms, the mortgage deed and our tariff of mortgage charges.

Where we refer to **arrears**, we mean all or part of any monthly payment that you have not paid when it became due.

Where we refer to **borrower**, we mean a person who is named as such in the offer, together with all persons deriving title under them (for example, a personal representative in the event of the borrower's death) and any person who takes over the borrower's obligations.

Where we refer to **buy-to-let mortgage**, we mean that the offer says the property must be used for letting purposes and must not be occupied by you or your family.

Where we refer to **interest rate**, we mean the rate of interest charged on your loan as stated in the offer.

Where we refer to **loan**, we mean each sum of money we have lent you or may lend you on the security of the property, as set out in the offer. This includes any further amounts we lend you for any additional loan.

Where we refer to **loan balance**, we mean the amount of the loan that you need to repay at any time, including interest and charges.

Where we refer to **mortgage**, we mean the rights you give us over the property as security for the loan. We register the mortgage deed at Land Registry and the mortgage will stay in place until we release it. We won't do this until you've repaid everything you owe us.

Where we refer to **mortgage deed**, we mean the legal document you sign to give us a charge over the property as security for the loan.

Where we refer to **mortgage term**, we mean the length of time a loan or mortgage is due to last.

Where we refer to **mortgagor**, we mean the borrower who provides the security, together with all persons deriving title under them (for example, a personal representative in the event of the mortgagor's death) and any person who takes over the mortgagor's obligations.

Where we refer to **offer**, we mean any written offer and Offer Illustration we send you setting out the terms on which we will make a loan to you. We may give you other offers in the future for an additional loan if we are willing to lend you more money, or if you make changes to your mortgage.

Where we refer to **payment date**, we mean the 20th of the month or the date each month you have selected to make your payments to us. You may change the payment date if you ask us - see term 1.5 for more details.

Where we refer to **property**, we mean the property that is security for the total debt set out in the offer and mortgage deed. It includes every part of the property and all fixtures and fittings.

Where we refer to a **retirement interest-only mortgage** we mean a mortgage where the **offer** states the mortgage is a retirement interest-only mortgage.

Where we refer to the **tariff of mortgage charges**, we mean the current list of our standardised fees and charges available on our website at static.perenna.com/tariff. We can change these charges and introduce new ones. How and when we may do this is set out in term 6.1

Where we refer to **terms** and a **term** we mean all the terms in this booklet.

Where we refer to **total debt**, we mean the total amount of money you owe us at any time under this agreement. It is made up of the loan balance(s), charges, interest, arrears and any interest we charge on arrears.

Where we refer to **we**, **us**, or **our** we mean Perenna Bank plc. It includes anyone acting on our behalf, or if we transfer or assign our rights under the loan or the mortgage to a person, it includes them as well.

Where we refer to **you** or **your**, we mean the borrower(s) and this includes the mortgagor and their personal representatives and anyone who takes over their legal rights and obligations under the loan or mortgage (or both).

When we say **person**, we also mean a company.

When we say **month** and **monthly**, we mean a calendar month.

When we say **year**, we mean a calendar year.

Where we refer to any statute, statutory provision or regulation in this booklet, we also mean any changes to them or new legislation that replaces them.

If there is any conflict or inconsistency between what the offer, the mortgage deed and these terms say, the documents prevail in the following order:

- a) the offer.
- b) the mortgage deed.
- c) the terms.

PART 1 - Terms that apply to the loan

This part, along with the offer, sets out the terms that apply to the money we have lent you for your property. It also includes details of how you must repay the loan; how we charge interest and apply it to the loan; and when you will need to pay our fees and charges, and when we can change them.

1 What you have to pay

- 1.1 You must pay us:
 - (a) the monthly payments set out in the offer or as notified to you, and
 - (b) the total debt by the end of the mortgage term.
- 1.2 Your first monthly payment will be due in the month following the date we send the loan funds and will be due on the payment date each month. If we send the funds on any date except the 1st of the month, your first monthly payment will repay only the interest we have charged from the day we sent the funds up to the end of that month. This means your first payment may be less than your normal monthly payment. This first payment of interest only is in addition to the number of repayments shown in your offer.
- 1.3 If your payment date falls on a Saturday, Sunday or public holiday, we will take your monthly payment on the next working day.
- 1.4 Monthly payments must be made by Direct Debit from a current account in your name and held with a UK bank or building society. This means we cannot accept payments from accounts held in the name of or held with a third party.
- 1.5 You can choose a day between the 1st and 25th of the month to make your monthly Direct Debit payment. Once you've chosen a payment date, if you wish to change it, you may ask us to agree to change it to a different day (between the 1st and 25th).
- 1.6 Each regular monthly payment will be for equal amounts throughout the loan term, unless we change your payment for one of the reasons set out in term 2. How we calculate your regular monthly payment and the final payment, which may be different from the regular monthly payment, depends on the repayment type you have. This will be explained in the offer:
 - (a) If you have a **repayment mortgage**, we work out your monthly payments so that you repay the loan with interest by the end of the mortgage term. The monthly payment will not be enough to repay

any arrears, interest on the arrears or fees and charges. This means that you will normally need to make a separate arrangement with us, to repay these, unless we change your monthly payment under term 2.1(f)

If you do not pay off everything you owe by the end of the mortgage term your property could be at risk.

- (b) If you have an **interest-only** mortgage, we work out your monthly payments to pay one twelfth (1/12th) of the annual interest due on your loan. You will find that in some months (because of the way we charge interest, which is explained in term 3) your monthly payment is greater than or less than the amount of interest due in that month.

The monthly payment will not repay any arrears, interest on the arrears or fees and charges. This means that you will normally need to make a separate arrangement with us to repay these, unless we change your monthly payment under term 2.1(f).

Unless you have a retirement interest-only mortgage, you will need to repay the remaining loan balance in full as a lump-sum payment at the end of the mortgage term. It is your responsibility to make sure you will have enough money to repay everything you owe at the end of the mortgage term. You must have in place a repayment strategy to do this, and it is important that you keep checking that your plan is still on track.

We can ask you, at any time to show us what plans you have in place to repay everything you owe at the end of the term. If we ask you for this, you must give it to us.

- 1.7 Unless you have a retirement interest-only mortgage, you must pay the total debt by the end of the mortgage term. If you do not repay the total debt by the end of the mortgage term, we can continue to charge interest on the amount outstanding until it is repaid in full. The rate we apply at the end of the mortgage term may be a variable rate set by us. Your offer will include more details.
- 1.8 If you have a retirement interest-only mortgage, the total debt must be repaid in full when either the last remaining borrower dies or decides to reside elsewhere and has no intention to return to the property. For example, if they move into long term care.

- 1.9 If we receive any payment from you, we will apply the amount received in the following order:
- (a) first, towards any payments of interest that have been missed (arrears) or are due
 - (b) next, towards any repayments of the loan amount borrowed that have been missed (arrears) or are due
 - (c) next, towards any unpaid arrears interest
 - (d) then, towards any unpaid fees and charges
 - (e) finally, towards the rest of the loan balance.
- 1.10 If we use all your monthly payment to reduce arrears, there won't be any money left to pay the full monthly payment you owe that month. So, you will need to make an extra payment(s) to pay any arrears and any unpaid interest and charges.

2 When we can change your monthly payment

- 2.1 We may vary your monthly payments if:
- (a) we add unpaid fees, charges and costs including interest on those amounts to the loan
 - (b) there is a change to the mortgage term
 - (c) the amount you owe us changes, for example if we advance you an additional loan
 - (d) you make overpayments or repay part of your loan early, in which case we will change your monthly payment in line with term 9.2
 - (e) we change the interest rate for any of the reasons given in term 4
 - (f) the change is needed to ensure that any arrears and interest on arrears that you have failed to pay is repaid by the end of the mortgage term. We will only do this if regulatory requirements allow us to and we will always discuss and agree this with you first
 - (g) you switch the repayment type of your mortgage from interest-only to repayment, or from repayment to interest-only

- (h) we change our procedures for calculating interest under term 3.11
 - (i) we have to make the change to comply with a change in law or regulation, or
 - (j) otherwise to ensure you repay the total debt on or immediately before the end of the mortgage term.
- 2.2 We will give you reasonable notice of at least 10 days before making any change to your monthly payments.

3 How we apply interest and charge it on the loan

- 3.1 We will charge interest at the interest rate on any money we lend you, until you have repaid everything you owe us.
- 3.2 Unless we tell you that we are not charging interest on something, we charge interest on everything you owe. This includes arrears and interest on arrears.
- 3.3 We calculate interest daily on the outstanding loan balance at the end of each month. When calculating interest, we treat each day as 1/365th of a year (or 1/366th in a leap year). We then add the interest for each month to the loan balance on the first day of the following month.
- 3.4 If, in a particular month, the monthly payment we calculate is not enough to cover the interest for the month, we will not add the shortfall to your loan balance and, instead, we will carry this forward to the next month. This is to make sure that you are not charged any additional interest on the shortfall because of the way we work out your monthly payments.

For example, if you have an interest-only loan, we will calculate your payments to be 1/12 of the annual interest due. This means in any month that has 31 days, your monthly payment will be less than the interest due so we will carry forward the difference to the next month. If the next month also has 31 days, the shortfall will increase. However, if it has 30 days or less, your payment will be more than the interest due, and we will use the excess to reduce any shortfall brought forward. In months where there is no shortfall to repay, we will use any excess to reduce your outstanding loan balance.

- 3.5 If you make your monthly payment before the last working day of the month it is due, we will not charge any additional interest on the interest we applied on the first of the month.

- 3.6 If you don't make your monthly payment by the end of the month it is due, we will treat this as arrears. Interest will be charged on arrears from the date the interest was applied to the loan balance (the first day of the month) and will continue to be charged until the arrears and the interest on arrears are paid off.
- 3.7 We may adjust the amount of interest charged for a month to reflect:
- (a) any reduction in your loan balance that results from us receiving a monthly payment, overpayment or other sum for the credit of your loan account
 - (b) any increase in your loan balance that results from our applying charges or other amounts to your loan
 - (c) any change to the mortgage term of the loan that is agreed between you and us in writing
 - (d) that you are letting the property when you do not have a buy-to-let mortgage.
- 3.8 If you do not pay any charges when we ask you to, we will start charging interest on them from the day we add the charge to your loan balance. If we add a charge to your account when we make a loan to you, we can start charging interest on it at the same time as we start charging interest on the loan.
- 3.9 If you make a payment to us which reduces your loan balance, the balance we calculate interest on will be reduced from the day we receive the money.
- 3.10 We will continue to charge you interest at the interest rate even if a court makes an order for possession, or after we obtain judgment or possession, until your property is sold and the total debt is paid off in full.
- 3.11 We can change our procedures for charging interest to respond proportionately to a:
- (a) change in law, codes of practice or the way we are regulated
 - (b) decision of court or an ombudsman
 - (c) change in technology we use.

4 Can the interest rate change?

- 4.1 The interest rate is explained in the offer. If the interest rate is fixed for the mortgage term we will only change it during this time if you are letting the property and you do not have a buy-to-let mortgage.
- 4.2 If you do not repay the total debt at the end of the mortgage term we can charge interest on any outstanding amount at a variable rate set by us. Your offer will provide further details.

5 Fees, charges and costs

- 5.1 You agree to pay us any charges to recover the costs and expenses we reasonably incur in connection with your mortgage. These charges may cover the costs and expenses we have to pay third parties and our own administrative expenses.
- 5.2 The offer will specify certain fees and charges that you have to pay (for example, product fees). If we are going to add these fees and charges to your loan, we will explain this in the offer.
- 5.3 You also agree to pay our standard charges. These are reasonable estimates of operational costs regarding services we provide or work we do regarding your mortgage. Our standard fees and charges are set out in our tariff of mortgage charges. Examples of operational costs we may charge you for include:
 - (a) supplying or copying deeds or documents to you or anyone acting for you
 - (b) release of the property or any related rights from our security
 - (c) release of any title deeds
 - (d) processing any request by you or anyone acting for you for any change in the terms of the loan or the mortgage.
- 5.4 You may also have to pay fees and charges if you fail to keep up your monthly payments. We can charge you arrears fees to cover our administrative costs of dealing with your arrears. The time from when we start charging these fees and their amount is set out in our tariff of mortgage charges.
- 5.5 In addition to our fees and charges, you also agree to pay our costs. We recover our costs by applying a charge equal to the costs and expenses we

pay or incur in the particular case. We will only pass on our costs to you if they are not covered by one of the charges in our tariff of mortgage charges. We can pass on our costs in full if we have acted reasonably in incurring them and the amount is reasonable.

5.6 Examples of the costs we may pass on to you include:

- (a) our legal costs - unless otherwise set out in the offer, you will be responsible for paying the charges to cover the costs of our legal work regarding the mortgage
- (b) costs to safeguard our security - you must pay our costs if we need to take action to protect or safeguard our security or because you fail to fulfil an obligation you have under the agreement. Examples of items covered by these costs include:
 - (i) any costs of taking legal action regarding your mortgage, including the costs of taking possession of your property, looking after it and selling it (this includes any court proceedings whether or not you are a party to the proceedings)
 - (ii) exercising any of the rights or powers given to us by law or the agreement
 - (iii) recovering any part of the total debt
 - (iv) insuring the property or checking that the insurance you have arranged is adequate for our purposes
 - (v) paying any ground rent or service charges that you have failed to pay in line with the terms of any lease and any costs associated with the lease
 - (vi) if you don't take good care of the property, our reasonable costs for looking after it. Further details about your obligations in relation to looking after the property are contained in term 13.

5.7 We will tell you when you ask us to do something that incurs a fee or charge before you incur it. We will also tell you when you have incurred a cost.

5.8 If you do not pay a charge within 7 days of the date we specify to you as the due date, we may add it to the loan if it is reasonable to do so. If we do this:

- (a) we will charge interest on the charge at the interest rate until you repay it

- (b) if the addition of the charge results in your monthly payment being changed, we will give you notice of the new amount
- (c) we will ensure that any new monthly payment amount results in the interest we charge each month being covered by your corresponding monthly payment for that month.

6 Changing our charges

6.1 We may change any of the standard charges listed in our tariff of mortgage charges or introduce new charges that are not in the tariff at any time if it is reasonable to do so. We will only increase a charge or introduce a new one to enable us to respond proportionately to a:

- (a) change in law, codes of practice or the way we are regulated
- (b) decision of court or an ombudsman
- (c) change beyond our reasonable control in our costs of providing your loan and the services and facilities we provide in connection with it, including changes in technology we use.

7 Telling you about changes to our charges

7.1 If we make a change to the charges listed in our tariff of mortgage charges:

- (a) we will contact you to give you notice at least 14 days before the change takes effect if we increase a charge or introduce a new charge
- (b) we will list the new charge in the tariff and give you a copy of it at least once a year if we make changes to it.

8 When we can ask for repayment of the total debt

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

- (a) you are in arrears by an amount equal to 2 or more of your monthly payments on any loan

- (b) you materially or persistently fail to comply with any of your obligations regarding the loan
- (c) you do not repay the total debt by the end of the mortgage term
- (d) you are made bankrupt or you enter into a voluntary arrangement with your creditors
- (e) the property is compulsorily acquired. This might happen, for example, if a local authority forces you to sell your property to them
- (f) the property has been abandoned
- (g) you die or, in the case of joint borrowers, the last surviving borrower dies
- (h) you have given us any false, materially inaccurate or misleading information or statement in connection with your application for any loan, in circumstances where we would not have lent you the money if you had given us the correct or complete information
- (i) we reasonably believe you have been involved in fraudulent or serious criminal behaviour; or
- (j) you fail to comply with your obligations under any lease and this means our security over the property under the mortgage may be set aside, for example by forfeiture, or is otherwise unenforceable.

8.2 If you do not repay the total debt when requested and we obtain a court judgment against you for that amount or part of it, you will pay interest on the amount of that judgment at the rate set by the court or, if none is set by the court, at the interest rate.

9 Making overpayments

9.1 You can make lump-sum overpayments at any time. Your offer will explain if there are any restrictions on the amount of the overpayment. We may charge you an early repayment charge if you make an overpayment during a period in which early repayment charges apply to a loan. Details of your early repayment charges and when they apply are set out in the offer.

9.2 After we receive a lump-sum overpayment, we will reduce the loan balance on which we charge interest as soon as we receive it. Depending on the overpayment date, we will recalculate your monthly payment that will apply

from the 1st of the following month or the next month after that. We will let you know your new monthly payment.

9.3 You can make overpayments by:

- a) Debit card payment; or
- b) bank transfer to an account we specify.

9.4 Any overpayments must be made from a UK bank account held in your name.

10 Porting your mortgage

10.1 The offer will say whether or not you may 'port' your loan. Porting means transferring your product and the loan balance to another property that you are buying with a mortgage loan from us.

10.2 If you may port your loan, you can transfer the loan balance without any change to the interest rate or other terms that apply to the loan and without having to pay an early repayment charge. However, if you move during a period in which an early repayment charge applies, the charge will be payable if you repay part of the loan balance at the time you move. Details of early repayment charges and when they apply are set out in the offer.

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

10.4 You may only port your loan at the point you move. We will offer you any additional lending you want as a result of moving on our business terms that are current at the time. You will be subject to a full affordability assessment and other criteria regarding the additional loan.

11 Transferring the property together with the mortgage

11.1 The offer will say whether or not you may transfer the property together with the mortgage to another person. Transferring the property together with the mortgage to another person means that you may sell or transfer the property to another person and they would also take over your rights and obligations in the loan and mortgage on the property.

- 11.2 If you may transfer the property together with the mortgage to another person, the incoming borrower/mortgagor will take on the loan balance without any change to the interest rate or other terms that apply to the loan and without having to pay an early repayment charge. However, if you transfer the property during a period in which an early repayment charge applies, the charge will be payable if you repay part of the loan balance at the time you move. Details of early repayment charges and when they apply are set out in the offer.
- 11.3 Both you, as the outgoing borrower/mortgagor, and the incoming borrower/mortgagor must satisfy our reasonable requirements at the time. The incoming borrower/mortgagor will need to complete a full affordability assessment and meet our lending criteria. Our affordability requirements and lending criteria may be different to those at the time you took out your loan. If the incoming borrower wants to borrow more, any additional loan would be offered on our business terms that are current at the time.
- 11.4 Both you and the incoming borrower/mortgagor will need to receive independent legal advice before agreeing to go ahead with the transfer.
- 11.5 You may not transfer the property together with the mortgage if you are in breach of any of the terms and conditions of the loan or mortgage.

PART 2 - Terms that apply to the mortgage

This part sets out the terms that apply to the security we have taken over the mortgagor's property; our rights over it; and what we or any receiver can do if you do not keep up repayments on your loan or if the mortgagor does not keep to their other obligations regarding the property and the agreement for the Loan.

In this Part 2, terms 13, 14, 15 and 16 are the mortgagor's obligations. The borrower who has not provided security for the loan must ensure that the mortgagor will observe and perform the obligations set out in these terms and comply with the offer conditions.

12 Security

- 12.1 By signing the mortgage deed, the mortgagor has given us security over the property to protect us in case you do not keep to your obligations under the agreement for the loan.
- 12.2 If we need to use your property to recover money that you owe us, we need to take certain steps that are described in this Part 2. It also describes the mortgagor's obligations regarding the property and the restrictions that apply to how you can deal with the property while it forms part of our security.
- 12.3 The security over the property may be for more than the total debt you owe under these terms. It will also be for any other money that you owe to us under any other agreement or will owe to us in the future. For example, if you take additional borrowing.
- 12.4 For buy-to-let mortgages, we may hold the security until the total debt you owe under these terms, each offer and any other amounts you owe us on other loans you have with us have been repaid in full.

13 The mortgagor's obligations regarding the property

- 13.1 There are certain actions that the mortgagor must take, or must not take, regarding the property. The mortgagor must:
 - (a) keep the property in a good condition at all times and carry out any necessary repairs

- (b) ensure that any unfinished building or works on the property are completed without delay and are carried out to the required standard
- (c) if the property is leasehold, comply with all the tenants' obligations under the lease
- (d) pay all existing and future rents, taxes, outgoings and rent charges affecting the property
- (e) send us a copy of any notice or other document affecting the property within 14 days of receiving it from:
 - (i) a landlord, if the property is leasehold
 - (ii) a rent charge owner if the property is subject to a rent charge
 - (iii) anyone claiming a legal right over the property
 - (iv) any government department, local or other authority.
- (f) if the mortgage is a buy-to-let mortgage, send us, within 14 days of our requesting it, a copy of any of the following documents regarding the letting of the property:
 - (i) any current or former tenancy agreement
 - (ii) any certificate or other document evidencing their compliance with the requirements of the Tenancy Deposit Scheme (or any replacement scheme)
 - (iii) any other notice or other document that they have given to, or received from, a tenant or their representative (or both)
 - (iv) any other documents we reasonably request.
- (g) allow (or if the mortgage is a buy-to-let mortgage, arrange for tenant(s) to allow) us, our employees, or agents to enter the property after giving reasonable notice so that we may:
 - (i) carry out a property valuation
 - (ii) inspect the property's state of repair and condition
 - (iii) carry out or complete any work that is needed to put right any failure by the mortgagor to comply with these terms.
- (h) tell us before they apply to a local authority or other similar body for any loan or grant for the property's repair or improvement. This is

because the loan or grant may be subject to conditions requiring the whole or part of the grant to be repaid - for example, if they do not live in the property for a certain period. The mortgagor must not accept any such loan or grant unless we agree in writing

- (i) not knowingly take any action regarding the property that is against any relevant law or regulation.

13.2 The mortgagor must not do any of the following without getting our written consent first:

- (a) Transfer the property (or any part of it) into another party's name; assign their interest in the property; arrange or obtain another mortgage on the property; obtain an extended lease of the property; or otherwise deal with or give away or permit the creation of any overriding interest in the property, including the granting of any lease over the whole or any part of the property.
- (b) Accept the surrender of any lease or tenancy of the property.
- (c) Alter or extend the property.

14 The mortgagor's use and occupation of the property

14.1 If the offer states that the property is to be used by the mortgagor as their residential home and must not be used for letting purposes, then:

- (a) the mortgagor must occupy the property and must not, without our prior consent in writing, grant or agree to grant or renew any lease or tenancy of the property or give any person any contractual or other licence or right to occupy or live in it
- (b) Unless the mortgage is a retirement interest-only mortgage, we will not refuse to allow the mortgagor to let the property if they and the property satisfy the conditions we reasonably require for the letting of properties at that time.

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

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

- (b) the mortgagor must not occupy the property and must not grant a tenancy of it to any of the following people:
 - (i) Their family members (which includes, for example, a spouse, civil partner, parents, grandparents, siblings, children and grandchildren).
 - (ii) People who could claim diplomatic immunity.
- (c) the mortgagor must not, unless we have agreed in writing, grant or agree to grant or renew any lease or tenancy of the property or give any person a contractual or other licence or right to occupy or live in the property except a tenancy that complies with our requirements.
- (d) the mortgagor must ensure that any tenancy agreement for the property complies with the following:
 - (i) The letting must be for residential purposes only.
 - (ii) They must not let out parts of the property under 2 or more separate tenancy agreements at the same time.
 - (iii) They must not let out the property as a house in multiple occupation, as defined in section 254 of the Housing Act 2004.
 - (iv) Any tenancy of the property created before 1 March 1997 must be an assured shorthold tenancy and must be for a term of at least 6 months. The mortgagor's solicitor must give us or our solicitor, on request, valid notices served under Section 20 of the Housing Act 1988 before the tenancy was created, together with a copy of the tenancy agreement.
 - (v) Any tenancy of the property created after 28 February 1997 must fully comply with the Housing Act 1996 as an assured shorthold tenancy.
 - (vi) The property must not be let as a short-term or holiday let.
 - (vii) They must produce evidence to our solicitor, before buying the property, that they or the seller have complied with all provisions of Part 1 of the Landlord and Tenant Act 1987 and the Housing Act 1988; and that at the time they bought it, the property was subject to a tenancy agreement.
 - (viii) The tenancy agreement must not last more than 12 months.

- (ix) The letting must not confer any security of tenure on the tenant(s) beyond the end of the contractual term of the tenancy agreement or permit the tenant to sub-let the property or any part of it.
 - (x) The tenant(s) must not be able to extend the term without the mortgagor's consent.
 - (xi) References about the proposed tenant(s)' ability to pay the rent and their character must be obtained and must be made available when we ask for them.
 - (xii) Any tenancy agreement must (a) be in a form normally used for assured shorthold tenancy agreements and (b) contain no terms that can adversely affect our interest as mortgagee.
 - (xiii) Any deposit must be held by a body approved by the Government under the Housing Act 2004.
- 14.3 The mortgagor must inform us if, or they expect that, the property will remain unoccupied for more than a three-month period and inform us when it is let. The property must not be used for business purposes.

15 Insuring the property

- 15.1 The mortgagor must make sure that buildings insurance is in place for the property. The policy must cover your property for its full reinstatement cost including site clearance and all fees and expenses. The policy must be in place at all times until you have repaid the total debt.
- 15.2 The policy must cover all usual house insurance risks including fire, explosion, earthquake, storm, flood, escape of water or oil, subsidence, heave, landslip and malicious damage.
- 15.3 The mortgagor must not do anything that means the insurer could refuse to pay claims under the buildings insurance.
- 15.4 If the property is not insured, we may insure it and pass on the cost to you including by applying it to the loan. We will choose the insurers and will not be responsible to you for the adequacy of any insurance arranged by us or for keeping the property insured.
- 15.5 If the property is leasehold and the landlord is responsible for insuring it, the mortgagor must make sure they are doing so. If the landlord does not insure

the property, or it is insured for less than its full reinstatement cost, the mortgagor must let us know.

- 15.6 The mortgagor must not do anything or allow anything to be done or not done which: (a) may make the insurance invalid; (b) makes the insurance more difficult or expensive to obtain or maintain; or (c) affects the ability to make a claim under the insurance.
- 15.7 On the mortgagor's behalf, we may settle and adjust any claims against the insurers of the property. In the event of a payout after a claim on the policy (whether arranged by the mortgagor or us), we may receive any money paid out under the claim or, if the mortgagor receives it, they must hold it in trust on our behalf and keep it separate from their other funds. We will use any money paid under the policy to rebuild or repair the property unless this is impracticable. If so, we will use the money to reduce or pay off the total debt.

16 Action we may take

- 16.1 If you are in default on the mortgage, which means you have broken the agreement with us, and you have become obliged to pay us the total debt immediately, we may take the action below. We may also appoint a receiver to do so instead of us. A receiver is someone we can appoint to manage the property for us. Although we would appoint the receiver, they would act for the mortgagor and in their name (not ours) and you would have to pay their fees.
- 16.2 We or any receiver may do the following to protect our position and safeguard the property as security for the loan:
- (a) Generally manage the property including collecting and receiving all rents, arranging any necessary repairs and maintenance, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances and serving notices under any relevant housing legislation.
 - (b) Take possession of the property and take any action or proceedings necessary to do so.
 - (c) Sell the property (whether or not we have taken possession) for such a price and on such terms as we think fit, always ensuring that we obtain the best price we reasonably can in the circumstances.

- (d) Let or sublet the property and vary, renew, terminate, surrender or accept surrenders of leases, tenancies or licences over the property for such a price and on such terms and for such rent and payment as are reasonable in the circumstances.
 - (e) Sell any freehold or leasehold reversions created as a result of letting or subletting the property under paragraph (d) above. A leasehold reversion is when a freeholder grants a lease to someone who then grants further longer residential leases. For example, to individual flat owners.
 - (f) If the property has been let or sublet under paragraph (d) above, exercise, on the mortgagor's behalf and without having to give the mortgagor prior notice or obtain their consent, all the powers and duties conferred on a landlord by legislation in force at the time.
- 16.3 If we, or a receiver we appoint, take possession of the property, the mortgagor must remove all furniture and other moveable property (personal items) from the property within 7 days. The mortgagor must not remove any fixed items from the property without our written agreement.
- 16.4 If any furniture or moveable items are not removed within 7 days, the mortgagor agrees that we or the receiver may:
- (a) deal with them as the mortgagor's agents and at your expense
 - (b) sell or otherwise dispose of anything that belongs to the mortgagor, in which case we (or the receiver) will give the mortgagor any proceeds received less all reasonable sale expenses
 - (c) remove and store anything we know does not belong to the mortgagor.
- 16.5 If more than one receiver is appointed, each joint receiver may act separately and independently of any other joint receiver (unless the document of appointment states otherwise). From time to time, we may remove a receiver and appoint another in their place.
- 16.6 A receiver may charge any amount for their services as we reasonably agree with them, and you will be responsible for paying those fees. We and any receiver may also employ and pay agents to act in our or the receiver's place. These agents will be treated as the mortgagor's agents. You will also be responsible for their fees as long as they are reasonable.

16.7 The Law of Property Act 1925 (the Act) sets out certain rules regarding the appointment of a receiver and the enforcement of security. It is typical for a mortgage lender to disapply certain rules within the Act and we do that as set out below:

- (a) Section 109(8) of the Act is amended to allow a receiver to use any money they receive to repay any money you owe in such order of priority as we and the receiver reasonably agree, rather than a specific order set out in those rules.
- (b) Sections 99, 100 and 103 of the Act set out some specific powers about dealing with a property, but we or a receiver can dispose of the property in any way we see fit if we or they act reasonably and do not breach these terms.
- (c) Please ask your legal adviser if you need more information.

17 Power of attorney to act on your behalf

17.1 The mortgagor gives us and any receiver we appoint a power of attorney over the property. This is because we may need to take certain action (including signing documents) on the mortgagor's behalf to protect our security. This means we and any receiver we appoint over the property are legally entitled to act on the mortgagor's behalf. We are appointed for as long as the mortgage remains in force securing any money you owe to us. This means we and any receiver we appoint are legally allowed to act on the mortgagor's behalf to protect our security until you have paid back everything you owe us.

17.2 If there are two or more mortgagors, then you agree that we and any receiver will be attorney for each of the mortgagors individually as well as for all the mortgagors jointly.

17.3 Each mortgagor gives us a power of attorney authorising us and any receiver to act on their behalf to take any action that they are obliged to take under these terms. This includes:

- (a) signing and completing any document that is needed to correct any errors in the ownership of the property or in the mortgage
- (b) transferring your share or interest in any residents' society or management company, or the mortgagor's legal or beneficial interest

in the freehold or leasehold reversion of the property when we exercise our powers as mortgagee to sell or lease the property

- (c) entering into any variation of the mortgagor's title to the property to protect or enhance our security
- (d) settling any claim made by their landlord or management company (if the property is leasehold) or any rent charge owner if we think it reasonable for us to settle it to protect our security or maintain its value, even though the mortgagor may dispute the sum claimed.

18 Compensation from third parties

18.1 The mortgagor may be entitled to recover money or damages:

- (a) to correct or compensate for defects or damage regarding the property or its title
- (b) for any breach of contract or wrongful act or omission that may have caused damage to the property or to its title or caused the mortgagor to accept the property or its title in a damaged or defective condition.

18.2 If the mortgagor recovers money or damages under term 18.1 above, they may use the money or damages recovered towards making good the damage or defects or towards payment of the money secured by the mortgage.

PART 3 - Terms that apply to the agreement and relationship between you and us

19 Joint borrowers

19.1 If there is more than one of you:

- (a) these terms apply to all of you together and to each of you on your own
- (b) each of you can be held fully responsible for keeping to these terms.

This means we can pursue each of you individually and both of you together to recover the total debt.

20 Transferring the mortgage

20.1 We may transfer to someone else some or all our rights in the agreement for your loan and mortgage and the security you give us for your loan. For example, we might do this if we transfer our rights in the loan, mortgage and agreement with you to someone else so that they can benefit from the income from the amounts you pay under the agreement. If we transfer our rights in this way, then while we retain the right to manage your loan and set the charges, we do not have to tell you the transfer has taken place.

20.2 Unless the terms of the transfer state otherwise, a transferee of the loan, mortgage and the total debt will be able to exercise all the rights, powers and remedies that we are able to exercise before the transfer. In the event of a transfer, your obligations to us under the agreement will continue for the transferee's benefit.

20.3 You agree that we may at any time transfer all or some of our obligations under the mortgage (including the agreement) to another person. If we do so, you will be able to enforce the transferred obligations against that person in the same way that you could enforce them against us before the transfer.

20.4 Any transfer will not:

- (a) reduce your rights or increase your obligations under the loan and mortgage including under the agreement

- (b) reduce any guarantees you have under or because of the loan and mortgage including under the agreement.

20.5 We may disclose the following things to any person who takes, or is about to take, a transfer, assignment, charge or other disposal of all or part of our interest in, or any of our rights under or for, the loan, mortgage and the total debt, or who takes, or is about to take, a transfer of all or some of our obligations under the loan and mortgage including the agreement:

- (a) Information you gave us when you applied for a loan.
- (b) Documents supporting your application.
- (c) Other information or documents we hold about the property, the agreement, any other security we hold regarding the total debt, or the way you have performed your obligations under the agreement.

20.6 Unless we allow you to transfer the property together with the mortgage under term 11, you may not assign your rights or obligations under the agreement.

21 Notice

21.1 We may give you notice under these terms by writing to you:

- (a) by electronic communication to any number or email address you have given us for this purpose or
- (b) if we are unable or you have not agreed for us to send communications to you electronically, by post to your last known address (which unless you have told us otherwise will be the property)

21.2 We will treat any notice we give as received by you as follows:

- (a) **Post:** The second working day after date of posting (regardless of class of post)
- (b) **Email:** The day the email is sent
- (c) **SMS:** The day the SMS is sent

22 Other terms to be aware of

- 22.1 All communications between us may be monitored or recorded to improve the quality of our service and for your protection and security.
- 22.2 We will supply these terms and otherwise communicate with you in connection with your loan in the English language.
- 22.3 Each of these terms are separate from the others. If one or more of the terms becomes illegal, invalid, void or unenforceable, this will not affect any of the remaining terms. The remaining terms will apply as if the illegal, invalid, void or unenforceable term had not been included.
- 22.4 Laws and regulations imply certain terms into our agreement with you. For example, as well as the powers set out in these terms, we and you both have some other legal rights. Unless these terms explicitly disapply those rights, they will apply to you or us. If we decide not to use any of our rights under these terms or delay using them, it won't affect our rights to enforce them at a later date.
- 22.5 We can change these terms if it is reasonable to do so:
- (a) to make them easier to understand or to make them fairer to you
 - (b) to change the way we look after your account as a result of changes beyond our reasonable control in the banking or financial system, technology or the systems we use to run our business
 - (c) to enable us to respond proportionately to changes to legal and regulatory requirements, codes of practice or the way we are regulated, or a decision of a court or ombudsman.

We will give you at least 14 days' notice of any change to these terms.

- 22.6 Only a party to the mortgage or a person who takes a transfer of our interest in the loan, mortgage or the total debt may enforce any rights under these terms or the offer under the Contracts (Rights of Third Parties) Act 1999.
- 22.7 These terms are governed by the laws of England and Wales. The Courts of England and Wales have exclusive jurisdiction over any claim or dispute, including non-contractual disputes or claims, regarding this agreement.