

BRISTOL & WEST PLC

RESIDENTIAL MORTGAGE CONDITIONS 2001

EDITION TWO
(ENGLAND & WALES)

Solicitors and Licensed Conveyancers

A copy of these conditions has been lodged with the Chief Land Registrar and each of the District Land Registries. You do not need to send a copy of them to the Land Registry with the application to register the Company's mortgage.



BRISTOL & WEST PLC: Registered in England No. 2124201.
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Website: www.bristol-west.co.uk

Bristol & West plc is a member of the Banking Ombudsman Scheme and follows The Banking Code and The Mortgage Code. Copies of the Codes are available on request.



NOTES TO BORROWERS

You will be bound by:

- the mortgage deed which you have signed;
- the mortgage conditions in this booklet (which are the conditions referred to in the mortgage deed and the offer);
- the offer of your initial loan and the offer of any further loan we make to you;
- any notice which changes a variable item shown in an offer (e.g. a variable rate of interest); and
- any separate agreement with us which applies to a particular loan (e.g. an agreement for a loan made under our flexible mortgage scheme).

Any special terms and conditions which apply to a loan will be set out in the offer of that loan, and in any separate agreement which applies to the loan.

You should keep all your mortgage documents safely together. If you ever have a problem paying your mortgage, please speak to us as soon as possible.

(These notes are to help you and do not form part of the Residential Mortgage Conditions.)

RESIDENTIAL MORTGAGE CONDITIONS 2001

(ENGLAND & WALES)

1 PRELIMINARY

- (a) The mortgage deed secures the following:
- (i) each loan which the offer says is to be secured on the property by the mortgage deed;
 - (ii) any interest or costs which you must pay under these conditions;
 - (iii) any early repayment charge or other sum which you may have to pay under the offer or any separate agreement;
 - (iv) if any loan mentioned in (i) above is made under our buy to let facilities, any other loan which we make to you under those facilities (even though the other loan is also secured by a separate mortgage); and
 - (v) any other amount which you agree with us is to be secured by the mortgage deed.
- (b) Any notice we give you or the guarantor must be given in writing.
- (c) For legal purposes, you will be taken to have received a notice if it is:
- given to you personally;
 - delivered to the property;
 - sent by post to the property;
 - delivered to your last-known address; or
 - sent to you by post at that address.
- (d) The guarantor will be taken to have received a notice if it is:
- given to him personally;
 - delivered to his last-known address; or
 - sent to him by post at that address.
- (e) If we send a notice through the post, the person to whom it is addressed will be taken to have received it on the second working day after it was posted.

2 DEFINITIONS AND INTERPRETATION

(a) In these conditions, the following words and phrases have the meanings set out below:

amount owed	The total amount for the time being secured by the mortgage deed (as explained in condition 1(a) above).
base rate	The Bank of England's repo rate from time to time, or (if the repo rate ceases to exist) any rate of interest which we substitute for it under condition 6(s).
capital	The money on which we are entitled to charge you interest from time to time under condition 6(a).
costs	Any costs, charges or expenses which you must pay under condition 14.
differential	Any percentage which (if we are charging you interest at a tracker rate) we add to or subtract from the base rate to arrive at the tracker rate. The differential (if any) will be specified in the offer, or in any notice we give you if the differential is changed under condition 6(m).
guarantor	Any person who signed the mortgage deed as guarantor and that person's successors.
interest-only arrangement	An arrangement which applies under the offer or any separate agreement and which provides that: <ul style="list-style-type: none">- a loan, or part of a loan, is to be repaid out of a security policy or plan as defined in condition 23; or- the repayment of a loan, or a part of a loan, is to be deferred until the end of the mortgage period (or any shorter period mentioned in the offer or separate agreement).
interest period	A year or any shorter period which is specified as the interest period for a loan in the offer.
interest rate	The rate or rates of interest which we charge from time to time under the offer and these conditions.
loan	Each loan or further loan specified in the offer.

monthly payment	The monthly payment specified in the offer and any changed monthly payment which applies under condition 7.
mortgage deed	The particular mortgage deed which these conditions form part of.
mortgage period	The period shown in the offer for the repayment of the loan or any changed period which is later agreed between you and us or which becomes applicable under condition 7(c).
offer	<p>“offer” has the following meanings:</p> <p>(i) when applied to the initial loan, it means the document (called the “Offer of Loan”) by which we offered to make the initial loan to you; and</p> <p>(ii) when applied to any further loan which we make to you, it means the document (called an “Offer of Further Loan”) by which we offered to make that further loan.</p> <p>In each case, references to the offer include:</p> <ul style="list-style-type: none"> - any changes which we make to the offer terms before the loan is made, and any changes which you and we agree in writing after that; and - any documents which are incorporated into the Offer of Loan or Offer of Further Loan.
payment day	The first day of the month, or any other day of the month which is specified as the payment day in the offer or which you and we agree will be the payment day.
permitted period	<p>The period which (if we are charging you interest at a tracker rate) begins with a change in the base rate and ends at 24.00 hours on:</p> <ul style="list-style-type: none"> - the 30th day after the date of that change; or - any earlier date which is specified in the offer.
Planning Acts	The legislation from time to time in force relating to town and country planning, building and construction and the environment.

property	The property described in the mortgage deed.
protected period	Any period specified as the protected or guarantee period in the offer (being a period during which our power to change any differential which is included in any tracker rate we charge you will be restricted as set out in condition 6(p)).
separate agreement	Any written agreement which you make with us in relation to a particular loan (e.g., an agreement for a loan which we make to you under our flexible mortgage scheme).
special rate	Any of the following types of interest rate: <ul style="list-style-type: none"> - a fixed rate; - a rate which is charged at discount to the standard variable rate; - a variable rate, which is subject to a cap (so that we cannot increase it beyond a specified level); - a tracker rate, which is subject to a cap (so that, whatever happens to the base rate, the tracker rate cannot be increased beyond a specified level).
standard variable rate	Our standard variable rate of interest, which is the rate we use as the basis for setting the interest rates we charge to all our borrowers who pay interest at a rate which we are free to vary (which, to avoid doubt, does not include borrowers who pay interest at a tracker rate).
tracker rate	A rate of interest which is equal to the base rate, plus or minus any differential which applies. The offer will say whether, and for how long, a tracker rate applies to your loan. (Please note that, if there is a change in the base rate, we may defer a change in the tracker rate for all or part of the permitted period which runs from the change in the base rate).
variable rate	Any rate of interest which is equal to the standard variable rate or is set by reference to it (such as a rate which is charged at a discount to the standard variable rate). The offer will say whether, and for how long, a variable rate applies to your loan.

we, us	Bristol & West plc, its successors and any transferee (as defined in condition 20(a)).
year	Our financial year from time to time. Our financial year currently ends on 31st March. We will give you at least 30 days' written notice of any change in our financial year.
you	The person or people who signed the mortgage deed as the borrower and their successors.

- (b) If more than one of you has signed the mortgage deed as the borrower, these conditions will apply to you all jointly and each of you individually.
- (c) If their terms are in conflict:
- (i) the offer prevails over:
 - any separate agreement;
 - the mortgage deed; and
 - these conditions;
 - (ii) any separate agreement prevails over the mortgage deed and these conditions; and
 - (iii) the mortgage deed prevails over these conditions.
- (d) If you agree not to do something, you agree to take all reasonable steps to ensure that no other person does that thing.
- (e) Words in the masculine form also include the feminine and neuter.
- (f) The headings in these conditions are for ease of reference only and do not affect the meaning of any condition.
- (g) If any term in these conditions is or becomes invalid, illegal or unenforceable, that term will be treated as if it were not included, and the remaining terms will still apply. A "term" means each separate paragraph and sub-paragraph of a numbered condition (whether separately lettered or not).

3 POWER OF SALE

Our power to sell the property under condition 16 will arise 28 days after the date of the mortgage deed. We will only exercise that power in the circumstances mentioned in that condition.

4 PAYING WHAT YOU OWE US

- (a) You agree to pay us the monthly payment on the payment day in every month until you have paid the amount owed in full.
- (b) We will work out the monthly payment so as to provide that:
- you pay interest only on any capital which is for the time being covered by an interest-only arrangement; and
 - any capital which is not covered by an interest-only arrangement is repaid with interest by the end of the mortgage period.
- (c) If the offer or any separate agreement states that the payment of interest on a loan, or part of a loan, will be deferred for a specified period, then (for so long as you comply with the offer or separate agreement and with these conditions) we will work out the monthly payment so as to provide that you do not pay interest on the loan, or the relevant part of it, during that period.
- (d) If, during the interest period in which a loan is made, the amount of interest which you will pay us as part of your monthly payments will not be enough to pay off the interest which we charge on the loan during that interest period, you must pay us the difference by the end of the interest period or (if earlier) with your first monthly payment after the loan is made. We will give you notice of the amount which you must pay.
- (e) If you have not paid the amount owed in full at the time when the property stops being security for that amount (either because we have sold it or for any other reason), you must pay us the shortfall immediately. We will charge interest on the unpaid part of the shortfall until it is paid in full.

5 WHEN WE MAY END AN INTEREST-ONLY ARRANGEMENT, OR STOP CHARGING INTEREST AT A SPECIAL RATE

- (a) If an interest-only arrangement applies and you do not keep to the terms of the arrangement or the amount owed becomes immediately payable under condition 15, we may give notice:
- putting an end to the interest-only arrangement;
 - increasing the monthly payment so as to provide for the capital which was covered by the arrangement to be repaid with interest by the end of the mortgage period; and

- if the interest rate is a special rate, changing it to the standard variable rate.
- (b) If, at a time when you are paying interest at a special rate, the amount owed becomes immediately payable under condition 15, we may give notice:
- changing the rate of interest to the standard variable rate; and
 - specifying a new monthly payment worked out to provide that the capital on which interest was previously being charged at the special rate will instead be repaid with interest at the standard variable rate by the end of the mortgage period.

6 INTEREST

- (a) In each interest period:
- we will charge interest for the whole of the interest period on the amount owed at the end of the previous interest period (including any interest which has then accrued but not been paid);
 - we will charge interest on any money we lend you during the interest period from the date on which we lend it until the end of the interest period; and
 - we will charge interest on any costs which we incur during the interest period from the date on which we incur them until the end of the interest period or (if earlier) the date on which you repay them.
- (b) The date on which we lend you money is:
- if we pay the money by cheque, the day after the date of our cheque; or
 - if we transfer the funds to you by electronic transfer, the day after the date of the transfer.
- (c) We may debit any further loan and any costs to the same account as the initial loan or to a different account or sub-account.
- (d) We will charge interest at the interest rate. We may charge different rates on different accounts or sub-accounts.

Charging interest at a variable rate

- (e) Conditions 6(f) to 6(h) apply where we are charging you interest at a variable rate.
- (f) We may change the variable rate:
- by changing the standard variable rate; or

- (if the offer or any separate agreement so provides) by changing any premium rate or discount rate which we add to or subtract from the standard variable rate to arrive at the variable rate.
- (g) We may change the standard variable rate at any time. We will give you notice of any change in the standard variable rate not later than seven working days after the change comes into effect. We will give you notice either:
- by writing to inform you of the change and the date on which it took effect (or will take effect); or
 - by advertising the change and the date on which it took effect (or will take effect) in each of our branch offices and in two or more daily newspapers. We will tell you which newspapers we use for advertisements if you ask. An accidental failure to advertise a change at a branch office does not affect the question whether the change is validly made.
- (h) We may reduce the standard variable rate at any time. We will only increase the standard variable rate for one or more of the reasons specified in condition 6(t).

Charging interest at a tracker rate

- (i) Conditions 6(j) to 6(s) apply if we are charging you interest at a tracker rate.
- (j) Unless we change the differential (if any) under condition 6(m), we will not change the tracker rate unless the base rate changes.
- (k) If the base rate changes, then (unless condition 6(l) applies):
- we will always change the tracker rate by the same amount within the permitted period which runs from the date of the change; and
 - we will give you written notice of each change we make in the tracker rate.
- (l) This paragraph applies if there is a change in the base rate ("the First Change") and, within the permitted period which runs from the date of the First Change (and before we have changed the tracker rate to reflect the First Change under condition 6(k)), there is one or more further change in the base rate. Where this paragraph applies, we may choose either:
- to reflect each change in the base rate by making a separate change in the tracker rate (each change in the tracker rate being made within the permitted period which runs from the date of the relevant change in the base rate); or
 - to make one change in the tracker rate within the permitted period which runs from the date of the First Change, so as to reflect only the difference between (i) the base rate as it was immediately before the

First Change and (ii) the base rate as it is after the second change or (if there has been more than one change in the base rate) the last change; or

- if there is no difference between (i) the base rate as it was immediately before the First Change and (ii) the base rate as it is after the second change or (if there has been more than one change in the base rate) the last change, to leave the tracker rate unchanged.

(m) Unless otherwise provided in the offer, we may change the differential (if any) at any time by giving you not less than 30 days' written notice. Conditions 6(o) to 6(r) apply to any change in the differential which we make under this condition 6(m).

(n) In conditions 6(o) to 6(r):

- a "positive differential" means a percentage which we add to the base rate to arrive at the tracker rate; and
- a "negative differential" means a percentage which we subtract from the base rate to arrive at the tracker rate.

(o) We may reduce a positive differential or increase a negative differential at our discretion.

(p) Before the end of any protected period, we will only increase a positive differential or reduce a negative differential:




(i) if we believe that the increase or reduction is necessary to maintain the viability of our business following a serious adverse change in market conditions or in the relationship between the base rate and the rate which we pay on the funds we raise for use in our mortgage lending business; or

(ii) if any decision or other action taken by our regulator requires us to change the basis on which we charge you interest under condition 6(a), and we reasonably believe that the increase or reduction in the differential is necessary to ensure that the true annual percentage rate of interest which we charge after the change is the same as it was before the change.

(q) After any protected period, we may increase a positive differential or reduce a negative differential:

- for one or more of the reasons specified in condition 6(t); or
- for the reason specified in condition 6(p)(ii); or
- for any other reason which is valid if at the time when the increase or reduction in the differential takes effect you are free to repay the amount owed without having to pay an early repayment charge under the offer or any separate agreement.

(r) This paragraph applies if:

- under condition 6(p)(i), we increase a positive differential or reduce a negative differential by any amount before the end of a protected period; 
- under condition 6(p)(ii), we increase a positive differential to more than 2.5% before the end of a protected period; or 
- under condition 6(q), we increase a positive differential to more than 2.5% at any time except during any protected period, 

and the change takes effect at a time when you would otherwise have to pay an early repayment charge under the offer or any separate agreement. If this paragraph applies, you may repay all or any part of the amount owed during the period of 90 days following the date of our notice changing the differential without having to pay the early repayment charge which would otherwise have been payable.

(s) If the repo rate ceases to exist, or if any rate of interest we have previously substituted for it under this paragraph ceases to exist, we will give you written notice within 30 days specifying another rate of interest as the base rate for the purposes of these conditions. The rate we specify will be:

- set by the Bank of England or, if the Bank of England has ceased to exist, by the central bank or other monetary authority which, in our reasonable opinion, has taken over the Bank of England's functions in relation to the setting of interest rates in the United Kingdom (the "successor body"); and
- the rate set by the Bank of England or its successor body which, in our reasonable opinion, most closely matches the rate which it is to replace.

General provisions about interest

(t) The reasons mentioned in condition 6(h) and 6(q) are as follows:

- because interest rates generally are rising, so that it costs us more to borrow money;
- because we need to increase the rate we pay to depositors in order to attract or retain their money;
- because we need to increase the amount we receive from borrowers in order to maintain a prudent level of profitability or reserves;
- because it is costing us more to administer borrowers' accounts;
- because we believe that general economic factors have increased the risk of shortfalls on borrowers' accounts, or on accounts of the same type as yours, and we need to increase the amount received to protect us against that risk;

- because we wish to retain existing borrowers or attract new borrowers;
 - because of any change in taxation which affects our profit from our ordinary activities;
 - because we need to reflect a change in the law, or in any code of practice which applies to us, or a decision or recommendation by a court, ombudsman or regulator.
- (u) Interest in any interest period accrues from day to day, but save where it is reasonable for us to do otherwise, we will work out the monthly payment so as to provide for the interest which accrues in each interest period to be paid by the monthly payment(s) falling due in that interest period. For this purpose, we will treat each month as an equal twelfth part of the year. This paragraph does not affect anything in:
- condition 4(d) (first payments after a loan is made);
 - condition 4(e) (payment of any shortfall on discharge of the mortgage deed); or
 - condition 6(x) (method of application of payments).
- (v) We may continue to charge interest at the interest rate even if we get a court order which requires you to pay some or all of the amount owed.
- (w) Without limiting our rights under condition 6(a) to capitalise any unpaid interest which is included in the amount owed at the end of any interest period, you and we may agree at any time that the interest due from you for any period is to be capitalised. (This means that the interest in question will be treated as if we had made a further loan to you of that amount.)
- (x) At the end of any interest period, we will apply the payments we have received during that interest period as follows:
- first in payment of any insurance premiums which we have paid under condition 10(c) and you have not repaid;
 - second in payment of any interest due from you to us; and
 - third in repayment of any other money due from you to us. If you have more than one account or sub-account, we may decide which one is to be credited with the money.

7 CHANGING THE MONTHLY PAYMENT

- (a) We may change the monthly payment by giving you notice specifying the new payment and the date on which it will become payable.
- (b) We may change the monthly payment for one or more of the following reasons:

- to take account of a change in the interest rate;
 - to provide for the repayment of any further loan we make to you;
 - to provide for the repayment of any insurance premium which we pay under condition 10(c), or any other item of costs which becomes due under condition 14;
 - to reflect the start or finish of any interest-only arrangement;
 - to reflect any change which is agreed between you and us, or which is provided for in the offer or any separate agreement, in the basis on which we charge you interest;
 - to reflect the start or finish of any period during which the payment of interest is deferred;
 - to reflect any change in the mortgage period or the interest period which is agreed between you and us;
 - to provide for any other matter which is necessary to ensure that the amount owed is repaid by the end of the mortgage period.
- (c) If we do not change the monthly payment to reflect a change in the interest rate, the mortgage period may become longer or shorter as a result.

8 YOUR DUTIES

- (a) The duties set out in this condition continue while the mortgage deed still secures payment to us of the amount owed.
- (b) You must keep to the terms of the offer and any separate agreement.
- (c) You must complete to our satisfaction and without delay all buildings being built on the property and any work to the property specified as a condition of our making any loan to you.
- (d) You must keep the property in a good state of repair.
- (e) You must not, without written permission from us:
- alter the structure of the property or make additions to it;
 - demolish or damage the property; or
 - change how the property is used for the purposes of the Planning Acts.
- (f) You must not do anything in relation to the property which may put the buildings insurance at risk or increase the insurance premium.
- (g) You must hold in trust for us any payment you receive under an insurance policy for loss or damage to the property.

- (h) You must not, without prior written permission from us:
- grant or agree to grant a lease or tenancy of the property;
 - accept a surrender of any lease or tenancy of the property; or
 - let anyone else into possession or occupation of the property, either instead of or as well as you.
- (i) You must not, without prior written permission from us, give any other person, or allow any other person to acquire, any kind of mortgage, charge or other security over the property.
- (j) You must carry out any duties you have under the Planning Acts and the Housing Act 1985 (including duties not to do something).
- (k) You must carry out all the duties of the owner or occupier of the property from time to time, including:
- duties not to do something in relation to the property;
 - duties as tenant under any lease of the property which you hold; and
 - duties to pay rates, taxes and other charges or outgoings connected with the property.

Any sums you have to pay must be paid when they become due and you must make good to us any loss we suffer if you do not make the payments required.

- (l) If you give your landlord notice to acquire a longer lease of the property or the freehold of the property, you must immediately tell us in writing that you have done so, and when you acquire the longer lease or freehold you must deliver the title documents to us within 28 days. If we ask you to do so, you must also give us a first legal charge, at your expense, over the longer lease or freehold to secure payment of the amount owed. (This condition applies to a longer lease or a freehold which you may be entitled to acquire under the Leasehold Reform Act 1967, the Leasehold Reform, Housing and Urban Development Act 1993 or any similar Act of Parliament).
- (m) If you know that nobody will be living at the property for a period of 60 days in a row, you must inform us and your insurers beforehand.
- (n) As soon as possible after receiving notice of any claim or legal proceedings or any other notice about the property, including notice of or about a compulsory purchase order, you must tell us about it. You must not negotiate or reach any agreement about the claim, proceedings or notice with any other person without our written permission.
- (o) If you become aware of any circumstances which might lead to the issue of a notice under section 78A-78YC of the Environmental

Protection Act 1990 (remediation of contaminated land) or section 161A of the Water Resources Act 1991 (pollution of water) in relation to the property, then:

- you must tell us immediately; and
- you must take reasonable steps to avoid the issue of such a notice.

If such a notice is issued, you must comply with it without delay.

- (p) You must not, without our prior written permission, apply for an improvement grant or any similar grant for the property.
- (q) You must not, without our prior written permission, transfer the property without at the same time paying us the amount owed. We may impose conditions on any permission we give you to transfer the property without paying us the amount owed. These conditions may include:
- the payment of a fee to cover our reasonable administration costs;
 - the deposit with us of any deed by which you transfer the property to the transferee;
 - the reduction of the amount owed to a sum which we consider prudent considering the financial position of the transferee and the value of the property; and
 - the signature by the transferee of a deed approved by us and containing a promise by the transferee to carry out all the obligations which you have promised to carry out under these conditions.

9 FURTHER DUTIES TO PROTECT US

- (a) You must sign all legal documents and take all steps which we may reasonably ask you to sign or take in order:
- to perfect our title to the mortgage;
 - to perfect your title to the property;
 - to enable us to sell the property if we become entitled to exercise our power of sale and wish to do so; or
 - to enable us to exercise any of the other rights and powers which we have under the mortgage deed and these conditions.
- (b) By this condition you transfer to us:
- the right to receive any payment of money which is due in connection with the property;
 - the benefit of any other rights concerning the property;

- the right to enforce any duties owed by anyone else concerning the property.

The discharge of the mortgage will operate to transfer these rights back to you.

- (c) You agree that you will hold in trust for us any money you receive in connection with any right transferred to us under condition 9(b).
- (d) Where we receive any money under this condition which has become payable because the property is defective, or because there is a defect in the title to the property, we will use the money to remedy the defect, except that, if we reasonably decide that it is not practicable to use the money in this way, we will use it instead to reduce the amount owed.

10 INSURANCE

- (a) The property must be kept insured at all times at your expense.
- (b) You may arrange the insurance of the property yourself, in which case the following terms will apply:
 - you must insure the property in the joint names of you and us.
 - we must give our written approval to the insurance company and to any agent or broker you use to arrange the insurance. We will make our decision reasonably.
 - the policy must cover the property against loss or damage by fire and all other risks we reasonably specify.
 - we must approve the amount for which the property is insured, which must be index linked. We must also approve the amount of any excess.
 - you must keep the insurance in place during the mortgage period and not do anything which would result in the insurance being brought to an end or becoming invalid.
 - you must show us details of the insurance when we ask, together with written confirmation that it is still in force. We may ask you for proof of payment of the last premium at any time.
- (c) We may insure the property if you do not insure it, or if you break the terms set out in condition 10(a). If we insure the property, the following terms will apply:
 - we will decide who the insurer will be and what risks will be covered;
 - we will decide the amount of the sum insured and any excess;
 - we will decide whether to insure the property through an agent or broker or directly with the insurer;

- we will have the right to keep any commission which the insurers may pay us;
 - we will invite you to pay the premium for the insurance when the policy is due for renewal. If you do not do so, we may include the amount of the premium in the monthly payment which falls due in the month after we have paid the premium. Until it has been repaid, the amount of the premium will be an item of costs on which we may charge interest under condition 6(a).
- (d) This paragraph will apply in place of conditions 10(a) and (b) if you hold the property under a lease which provides for the property to be insured by the landlord. Where this paragraph applies, you must take all reasonable steps to ensure that:
- our interest is noted on the policy;
 - the property is kept insured with a reputable insurer for the whole mortgage period;
 - the policy covers the property against loss or damage by fire and all other risks which we reasonably state;
 - the sum insured is sufficient to provide for the full reinstatement of the property (or the building of which the property forms part).
- (e) We have the right to negotiate with the insurers and settle any claims on the insurance policy for loss or damage to the property.
- (f) Any money which you or we receive for loss or damage to the property under an insurance policy is to be used either to make good the loss or damage or (if we reasonably decide that it is not practicable for the money to be used in this way) to reduce or pay off the amount owed.
- (g) If you arrange the insurance of the property, we may make a reasonable charge to cover the cost to us of making sure that the insurance meets the requirements of condition 10(a). Any charge which we make under this paragraph will be an item of costs so that, until it is paid, we will be entitled to charge interest on it under condition 6(a).

11 OUR RIGHT TO INSPECT AND REPAIR THE PROPERTY

- (a) You must allow us or our agents to enter the property to inspect the condition and state of repair. Except in the case of an emergency, we will give you reasonable advance notice before we or our agents enter the property under this paragraph, and we will ensure that the entry takes place at a reasonable time.
- (b) If, on inspecting the property, we find defects in its condition and state of repair, we may give you notice of those defects. If you do not then repair them yourself within a reasonable time, we may enter the property and do so. We will not be treated as having taken possession of the property as a result.

- (c) Any costs we incur under this condition will be repayable under condition 14. Until they have been repaid, we will be entitled to charge interest on them under condition 6(a).

12 OUR SECURITY FOR BUY TO LET LOANS

- (a) This condition applies if:

- we make you a loan under our buy to let facilities; and
- we make you another loan under our buy to let facilities which is primarily secured by a mortgage of another property ("the other mortgage").

- (b) Where this condition applies, we will not discharge either this mortgage or the other mortgage until the amount owed has been repaid in full.

13 PAYING OFF THE AMOUNT OWED

- (a) You may pay us the amount owed or any part of it at any time, but if you do so before the end of the mortgage period, you must also pay:

- any early repayment charge or other sum which the offer or any separate agreement requires you to pay; and
- any charge we make to cover our reasonable administrative costs.

- (b) If we increase the interest rate, you may, within one month from the date on which we notify you of the increase, give us written notice that you want to repay the amount owed. If you do, and if you pay the amount owed within three months from the date of our notice of the increase, you will not have to pay the extra interest which would otherwise be due by reason of the increase (but you will still have to pay any early repayment charge or other sum which the offer or any separate agreement requires you to pay, together with any charge we make to cover our reasonable administrative costs).

- (c) If you ask us how much the amount owed would be on a future date, we may work out the figure on the assumption that you will make any payments which you would normally make by direct debit or standing order before that date. If you do not actually make those payments, we will still have the right to claim them from you after you have paid the rest of the amount owed.

- (d) Any mistake we make in any information we give you about your mortgage account, either before or after you pay the amount owed, will not affect our rights.

- (e) If, after you have paid us what we told you was the amount owed, we find out that the figure we gave you was lower than it should have been, you must still pay us the balance actually owed, even if we have given a formal receipt releasing the security. We must make any claim under this condition in writing and within three months from the date of the formal receipt, unless you were partly responsible for or knew of the mistake.

- (f) Nothing in condition 13(d) or (e) will stop you bringing any claim which you may have against us if you suffer loss as a result of any mistake we make.

14 OUR COSTS, CHARGES AND EXPENSES

- (a) In this condition, “costs” means all our reasonable costs, charges and expenses (including VAT) arising from or connected with the mortgage deed or the security it gives us, including the following:
- the costs of any legal proceedings brought by or against you or anyone else in connection with the mortgage deed, the property, the security the mortgage deed gives us or the valuation of the property;
 - the costs of recovering money secured by the mortgage deed, protecting the property or the security the mortgage deed gives us or exercising any of our rights and powers under the general law or these conditions;
 - administration fees for work or services requested by you and carried out or supplied by us or any company which is a subsidiary of us or of our holding company in connection with the mortgage deed, the property or the security the mortgage deed gives us;
 - the costs we incur in putting right any failure by you to carry out any of your duties under these conditions concerning the property; and
 - the costs we incur in complying with any remediation notice relating to the property which is served on us under the Environmental Protection Act 1990.
- (b) You must pay our costs on what is called the indemnity basis. This means that you must pay them in full unless you show that they were unreasonably incurred or are unreasonable in amount.
- (c) You must pay our costs when we ask for them.
- (d) If we incur any costs, we will charge interest on them under condition 6(a) from the date on which we incur them.

15 WHEN THE AMOUNT OWED BECOMES PAYABLE

You must immediately pay us the whole amount owed if any of the following events happens:

- (a) you fail to pay us at the due time a sum or sums equal in total to three monthly payments;
- (b) you break any term (other than one requiring you to pay money) in the mortgage deed, these conditions, the offer or any separate agreement and, in our reasonable opinion, the breach is serious or persistent;
- (c) a bankruptcy order is made against you or the guarantor;

- (d) you make, or the guarantor makes, a formal arrangement with the people you owe, or he owes, money to, or (if you are or the guarantor is a company) you go or the guarantor goes into liquidation;
- (e) a judgement or order is made against you or the property which would lead to your having to give up possession of the property if you do not satisfy the terms of the judgement or order;
- (f) the property is compulsorily purchased or its value is seriously reduced by some other event;
- (g) we learn that any information you gave us before we made the loan was materially incorrect, or you did not tell us something material;
- (h) you receive, or your successor receives, money from any source which you told us, when you applied for the loan or a further loan, was intended to provide the means of repayment, and that money is not paid to us for a period of three months after we have asked for it. (This includes money from a security policy or plan as defined in condition 23(a)).
- (i) you give up possession of the property to us; or
- (j) we reasonably believe you have abandoned the property (in which case, we may recover possession of it without obtaining a court order).

16 OUR RIGHTS AND POWERS

If the amount owed has become immediately payable, we may do the following:

- (a) exercise the power of sale given to mortgagees by the Law of Property Act 1925. In exercising this power, we may agree whatever terms and conditions of sale we think fit in order to obtain the best price for the property that we reasonably can;
- (b) take physical possession of the property or give notice to any tenants to pay their rent to us;
- (c) appoint a receiver on the following terms:
 - the receiver may be one of our officers or employees.
 - we may pay the receiver his reasonable commission, fees or expenses;
 - unless the receiver is one of our officers or employees, he will act as your agent, and you will be solely responsible for everything he does or fails to do;
 - in addition to the powers of a receiver under the Law of Property Act 1925, the receiver will have:

- (i) all the powers which we have under these conditions (including the power to take possession of the property, to sell or grant leases of the property, and to accept the surrender of any lease of the property in the same circumstances that we could);
- (ii) power to manage the property and to carry out any development or improvement works on the property which are reasonably required to enhance its value; and
- (iii) power to sign any document or take or defend any legal proceedings which may reasonably be required for the exercise of the receiver's powers.
- (d) grant, or agree to grant, any lease, tenancy or licence of the property on whatever terms we reasonably think fit, whether or not the Law of Property Act 1925 would otherwise permit that letting, licence or agreement;
- (e) accept a surrender of any lease or tenancy of the property where we reasonably believe that the surrender will enhance its market value;
- (f) after taking possession of the property and without acquiring any property or security rights in any furniture or other items on the property:
 - remove any furniture or other items you leave on the property for seven days or more after we have given you notice asking you to move them, and deal with them on your behalf as we reasonably see fit;
 - receive and deal with any rent due under a furnished tenancy of the property as if it were payable for the property alone and none of it related to the furniture; and
- (g) use any money which you have deposited in a current or savings account with us to pay all or part of the amount owed. We will not pay you any further interest on any money which we have used in this way.

17 PRESERVING OUR RIGHTS

If we do not enforce any term of the mortgage deed, these conditions, the offer or any separate agreement or delay in doing so, or if we exercise our rights and powers in part only, we will remain able to enforce all the terms and conditions and to exercise all our rights and powers in the future.

18 SHARES IN MANAGEMENT COMPANIES ETC.

If, as owner of the property, you hold a share in a management company or residents' association, you must deposit the share certificate with us. (This condition does not give us any security over the share.)

19 SHARED OWNERSHIP LEASES

If you are the tenant of the property under a shared ownership lease, you transfer to us your rights under that lease to buy the freehold of the

property or a greater interest under the lease or a longer lease of the property. The discharge of the mortgage will operate to transfer these rights back to you.

20 OUR POWER TO TRANSFER

- (a) In these conditions, a person is a “transferee” of a right which we have under the mortgage deed, these conditions, the offer or any separate agreement if that person is or becomes entitled to exercise that right under the terms of a transfer or disposal under this condition.
- (b) We may transfer or otherwise dispose of all or any of our rights under the mortgage deed, these conditions, the offer and any separate agreement without any further agreement from you or the guarantor if:
- the transfer or disposal satisfies the requirements of any relevant code of practice to which we subscribe at the time of the transfer or disposal; or
 - any person who, under the terms of the transfer or disposal, is or becomes entitled to exercise any of the rights transferred or disposed of, agrees to exercise those rights in a way which is no less favourable to you than the way in which we were exercising those rights before the transfer or disposal.
- (c) If we make a transfer or disposal under condition 20(b), the terms of the mortgage deed and these conditions will not change. This means that, if a transferee becomes entitled to exercise the power to change the standard variable rate under condition 6(g), references to the “standard variable rate” are to be understood from then on as references to the rate which the transferee uses as the basis for setting the interest rates which it charges to all its borrowers who pay interest at a rate which it is free to vary.
- (d) We will not transfer or dispose of our rights under the mortgage deed and these conditions except as set out in this condition.

21 POWER OF ATTORNEY

- (a) You appoint us and (as a separate appointment) any receiver we appoint under condition 16(c) to be your attorney with power to do the following things in your name and on your behalf:
- receive any money which becomes payable under any of the rights transferred to us by condition 9(b);
 - transfer any share which you hold as mentioned in condition 18 to any purchaser of the property;
 - execute any document which is needed to perfect our title to the mortgage deed or your title to the property;
 - execute any document which is needed to pass a good title to any purchaser or lessee of the property;

- exercise or enforce any rights or remedies relating to the property which you are entitled to exercise or enforce;
- if the property is leasehold, take any step which is needed to prevent the lease being forfeited or (if it is forfeited) to obtain relief against forfeiture;
- take any other steps which may be required to protect or preserve our security, or to enable our rights and powers, and those of the receiver, to be effectively exercised.

(b) You cannot revoke the power of attorney in condition 21(a) until the mortgage deed has been discharged.

22 THE GUARANTOR

- (a) Except as set out in condition 22(g), the guarantor must pay us, when we ask, any part of the amount owed which you must pay us at the date when we ask for payment, together with interest from that date at the interest rate.
- (b) Except as set out in condition 22(g), the guarantor must also, on demand from us, make good to us in full any losses, costs or expenses we suffer or pay as a result of any failure by you to carry out your duties under the mortgage deed, these conditions, the offer or any separate agreement.
- (c) By agreeing to act as guarantor, the guarantor agrees that he gives a continuing guarantee of the amount owed (except as set out in condition 22(g)) and that the guarantee will remain in force until the whole amount owed has been paid.
- (d) The guarantor's duties will not be changed by:
- any change in the rights we have under the mortgage deed, the offer, these conditions and any separate agreement (now or later) against you or anyone else;
 - the way in which we try to enforce our rights against you;
 - any change in your circumstances or any other matter as a result of which it is harder for us to obtain payment from you or legally impossible for us to do so, including your bankruptcy or insolvency; or
 - any circumstance which would not have changed the guarantor's duties if the amount owed were owed by him personally.
- (e) Until you have paid us the whole amount owed, the guarantor must not:
- demand or accept from you or anyone else who is acting as guarantor of the mortgage deed any money which the guarantor is owed by you as a result of carrying out his duties as guarantor;

- enforce any rights the guarantor has against you or anyone else as a result of carrying out his duties as guarantor;
 - compete with us in your bankruptcy or liquidation or that of any other guarantor of the mortgage deed, or accept any money from your trustee in bankruptcy, committee of creditors, liquidator or administrator, or that of any other guarantor of the mortgage deed.
- (f) If there is more than one guarantor, the mortgage deed and these conditions apply to each guarantor whether or not all the guarantors sign the mortgage deed.
- (g) The guarantor's duties do not extend to payment of any part of a further loan or any money due from you under a separate agreement, unless the guarantor has agreed in writing to guarantee the further loan or that separate agreement.
- (h) The guarantor agrees:
- to pay us, when we ask for them, all costs and expenses which we incur in enforcing, or seeking to enforce, our rights under this condition;
 - to pay those costs and expenses on what is known as the indemnity basis (which means that the guarantor must pay those costs and expenses in full, unless he shows that they were unreasonably incurred or are unreasonable in amount).

23 INVESTMENT POLICIES AND PLANS

- (a) In this condition:
- "policy" means an endowment policy, a term assurance policy or a pension policy or certificate of assurance;
 - "plan" means a personal equity plan, individual savings account, or other investment plan; and
 - a "security policy or plan" is a policy or plan which you have agreed with us will provide or is intended to provide the means of repaying the loan.
- (b) As soon as you receive any money under a security policy or plan, you must:
- tell us you have received it;
 - use it to pay or reduce the amount owed; and
 - hold it on trust for us until you have used it in that way.
- (c) If a security policy or plan may lawfully be charged to us, but you have not given us a legal charge over it:

- we may hold the policy or plan document;
- we will have an equitable charge over the policy or plan until you give us a legal charge over it. (This means that we have a security right over the policy or plan, but it may not always be enforced against third parties as easily as a legal charge.)
- you appoint us your attorney in your name and on your behalf to assign, surrender or deal with the policy or plan as we reasonably think fit and to receive any money which becomes due under it.

(d) You agree with us:

- not to allow a security policy or plan to become invalid;
- not to do or allow anything which may mean that money does not become due under a security policy or plan, or that money cannot be used to pay the amount owed as intended;
- to pay all premiums under a security policy or plan as soon as they become due;
- to produce receipts for premiums due under a security policy or plan if we ask for them;
- to carry out any agreement with us for paying us premiums under a security policy or plan which we then send on to the insurers or managers;
- if a security policy or plan becomes invalid, to do everything necessary;
- to maintain it if possible; and if not
- to take out a new policy or plan to the same effect or to enable us to do so. The new policy or plan will take the place of the old one.

(e) If the amount owed has become immediately payable under condition 15, we may:

- convert, sell, surrender or deal with a security policy or plan as we reasonably think fit;
- exchange the policy or plan for one on which no further premiums are required;
- make any other arrangements with the insurers or managers about the policy or plan which we reasonably think fit.

24 INFORMATION

You and the guarantor authorise us to pass information about the mortgage deed, the property, the amount owed and the way in which you and the guarantor have carried out your duties under these conditions to:

- each other;
- credit reference agencies and insurers; and
- anyone to whom we might transfer or dispose of our rights under the mortgage deed and these conditions, or that person's advisers and insurers.

25 GOVERNING LAW

The mortgage deed, the offer, these conditions and any separate agreement are governed by the law of England and Wales.