

# Residential Mortgage Conditions

**2018** Edition One

(England and Wales)

Bank of Ireland UK

## NOTES TO BORROWERS

### **You will be bound by the following.**

- The mortgage deed which you have signed.
- These residential mortgage conditions (which are the conditions referred to in the mortgage deed and the offer).
- The offer for your initial loan and any offer of a further loan we make to you later on.
- Any notice which changes something shown in an offer (for example, a variable rate of interest).
- Any separate agreement with us which applies to a particular loan.
- Any special terms and conditions which apply to the loan (as set out in the offer for that loan and in any separate agreement which applies to the loan).

These items together make up the legal mortgage agreement between:

- you, the person or people who signed the mortgage deed as the borrower, and anyone who takes over your rights and responsibilities relating to the mortgage agreement; and
- us, Bank of Ireland (UK) plc, and anyone who takes over our rights and responsibilities relating to the mortgage agreement.

Some of the conditions in this booklet are printed in bold because we do not want you to be taken by surprise by them, or because we want you to be particularly aware of the effect they may have on you.

The law of England and Wales governs the relationship between you and us before the mortgage agreement is in place.

The mortgage deed, the offer, these residential mortgage conditions and any separate agreement are written in English and we will communicate with you in English at all times.

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

We, Bank of Ireland (UK) plc, are authorised by the Prudential Regulation Authority (PRA), and are regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority.

Our Financial Services registration number is 512956. You can check this on the Financial Services Register by visiting the FCA website at [www.fca.org.uk](http://www.fca.org.uk) or by phoning the FCA on 0800 111 6768.

If you have a complaint about your mortgage you may be entitled to compensation from the Financial Ombudsman Service, whose address is Exchange Tower, London, E14 9SR.

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

# RESIDENTIAL MORTGAGE CONDITIONS 2018

Edition One (England and Wales)

## 1 INTRODUCTION

- a** The mortgage deed 'secures' the total amount you owe us, meaning that the mortgage deed gives us a legal claim over the property, which may allow us to repossess and sell the property if you do not keep to the terms of the mortgage. In other words, the property is acting as 'security' for the loan.

The total amount you owe us is made up of the following.

- (i) Each loan which the property will be security for.
  - (ii) Any interest or costs you must pay under the offer and these conditions.
  - (iii) Any early repayment charge or other amount you may have to pay under the offer or any separate agreement you make with us in connection with a particular loan.
  - (iv) Any other amount you and we agree the property will be security for under the mortgage deed.
- b** **If any loan the property will be security for is a buy-to-let loan, the mortgage deed secures the amounts mentioned in condition 1a and the following further amounts.**
- (i) Any other buy-to-let loan we make to you (even though the other loan is also secured by a separate mortgage).**
  - (ii) Any interest, costs, charges and expenses which you must pay us in connection with the other buy-to-let loan.**
- c** Any notice we give you or any guarantor must be given in writing.
- d** Any notice to you will be considered to have been given properly if it is:
- given to you personally;
  - hand-delivered or posted to the property (unless these conditions apply to a buy-to-let loan and the property is let at the time we give you the notice); or
  - hand-delivered or posted to your last-known address.
- e** Any notice to the guarantor will be considered to have been given properly if it is:
- given to him or her personally; or
  - hand-delivered or posted to his or her last-known address.
- f** If we send a notice through the post, the person it is addressed to will be considered to have received it on the second working day after we posted it.

## 2 DEFINITIONS AND INTERPRETING THESE CONDITIONS

**a** In these conditions, the following words and phrases have the meanings set out below.

<b>arrears</b>	Any part of a monthly payment which you do not pay on the payment date it is due, and any other amount which you fail to pay when it becomes due.
<b>base rate</b>	The Bank of England's Official Bank Rate from time to time or, if the Official Bank Rate no longer exists, any rate of interest we substitute for it under condition 6p.
<b>borrower</b>	A borrower with a mortgage secured on a home in the United Kingdom.
<b>buy-to-let loan</b>	A buy-to-let loan is a loan to be secured on a residential property let out to tenants. It can either finance a new purchase or refinance an existing mortgage with us or another lender.
<b>capital</b>	The amount we charge you interest on under condition 6a.
<b>costs</b>	Any costs, charges or expenses (including any administration fees) which you must pay under condition 14.
<b>differential</b>	A percentage which we add to or take off the base rate to arrive at the tracker rate. The differential (if there is one) will be specified in the offer.
<b>guarantor</b>	Any person who signed the mortgage deed as guarantor, and anyone who takes over their responsibilities.
<b>interest-only arrangement</b>	<p>An arrangement where all or part of a loan:</p> <ul style="list-style-type: none"><li>• will be repaid out of a security policy or plan, as defined in condition 23; or</li><li>• does not have to be repaid until the end of the mortgage period (or any shorter period set out in the offer or separate agreement).</li></ul>
<b>interest period</b>	The period specified as the interest period in the offer.
<b>interest rate</b>	The rate or rates of interest we charge under the offer and these conditions.
<b>loan</b>	Each loan specified in the offer, whether it is described as a 'loan', 'advance', 'mortgage advance' or other similar term.
<b>monthly payment</b>	The monthly payment specified in the offer, and any changed monthly payment which applies under condition 7.
<b>mortgage</b>	The mortgage deed, these conditions, the offer and any separate agreement.
<b>mortgage deed</b>	The mortgage deed which these conditions form part of.
<b>mortgage period</b>	The period shown in the offer for paying off the loan, or any changed period agreed between you and us.
<b>offer</b>	<p>For the initial loan, the offer is the document offering to provide the loan.</p> <p>For any further loan we provide, the offer is the document offering to provide that further loan.</p> <p>In both cases, references to the offer include:</p> <ul style="list-style-type: none"><li>• any changes we make to the terms of the offer before we provide the loan, and any changes you and we agree in writing after that; and</li><li>• any documents which are incorporated into the offer of loan or offer of further loan.</li></ul>

**payment date**

The date in each month when the monthly payment is due. The payment date will correspond with the date we provided the initial loan except in the following circumstance.

- In any month which does not have a corresponding date in it, the payment date will be the last day of that month. So, for example, if we make the initial loan on 31st January, the subsequent payment dates will be 28th February (or 29th February in a leap year), 31st March, 30th April and so on for each month in the mortgage period.

**permitted period**

For tracker-rate loans, the period which starts when the base rate changes and ends at midnight on:

- the 32nd day after the date of the change; or
- any earlier date specified in the offer.

**property**

The property described in the mortgage deed.

**separate agreement**

Any written agreement which you make with us for a particular loan.

**standard variable rate**

The rate we charge all our borrowers who do not pay a fixed or tracker rate (or the rate which is the basis for setting an SVR-linked rate). We can change the standard variable rate under condition 6g.

**SVR-linked rate**

An interest rate that is linked to the standard variable rate. We set the SVR-linked rate by adding a 'premium rate' to, or taking a 'discount rate' off, the standard variable rate. The offer will say whether an SVR-linked rate applies to your loan and, if so, for how long. The offer will also state the amount of any SVR-linked rate.

**total amount you owe**

All the money you owe us under the mortgage, as explained in condition 1a.

**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 a tracker rate applies to your loan and, if so, for how long. The offer will also state the amount of any tracker rate.

**we**

Bank of Ireland (UK) plc, and anyone who takes over our rights and responsibilities relating to the mortgage.

**you**

The person or people who signed the mortgage deed as the borrower, and anyone who takes over your rights and responsibilities relating to the mortgage.

- b** If more than one of you has signed the mortgage deed as the borrower, these conditions will apply to you all jointly and to each of you individually.
- c** If there are any inconsistencies between the documents making up the mortgage, the offer will take priority, followed in order by:
- any separate agreement;
  - the mortgage deed; and
  - these conditions.
- d** If, under the mortgage, you must not do something, you must take all reasonable steps to make sure that no other person does that thing.
- e** The headings in these conditions are for ease of reference only and do not affect the meaning of any condition.
- f** If all or any part of a condition making up the mortgage cannot be enforced, that condition or part will be treated as if it did not exist, and the remaining conditions will still apply.

### 3 POWER TO SELL

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

## 4 PAYING WHAT YOU OWE US

- a** You agree to pay us the monthly payment (as specified in the offer or changed under condition 7) on the payment date each month until you have paid the total amount you owe.
- b** If your loan (or part of your loan) is covered by an interest-only arrangement, you must repay the loan (or the relevant part of it) in a lump sum at the end of the mortgage period or on any earlier date specified in the interest-only arrangement.
- c** We will work out the monthly payment so that:
- you pay interest only on any loan or part of a loan which is covered by an interest-only arrangement; and
  - any loan or part of a loan which is not covered by an interest-only arrangement is repaid with interest by the end of the mortgage period.
- d** If you owe us any arrears, we may work out the monthly payment so that, as well as covering the items mentioned in condition 4c, it:
- includes an amount towards the interest we charge on the arrears; or
  - provides for the arrears to be repaid with interest by the end of the mortgage period, if this is a reasonable way of dealing with any payment difficulties you are having.
- e** You will have to:
- pay off the arrears immediately; and
  - pay the interest we charge on the arrears when we ask you to do so;
- unless we include any arrears in your monthly payment under condition 4d or we agree a payment arrangement with you and you keep to the terms of that arrangement.
- f** If the offer or any separate agreement states that you will not have to pay interest on a loan (or part of a loan) for a specified period, then as long as you keep to the terms of the mortgage, we will work out the monthly payment so that you do not pay interest on the loan (or the relevant part of it) during that period.
- g** If, during the interest period (as specified in the offer) a loan is made in, the amount of interest you will pay us on the loan as part of your monthly payments will not be enough to pay off the interest which we charge during that interest period, you must pay us the difference:
- by the end of the interest period; or
  - with your first monthly payment after we provide the loan;
- whichever is earlier. We will give you reasonable notice of the amount you must pay.
- h** In any interest period when the monthly payments are not enough to pay all of the interest due on the loan for that interest period, you must pay the shortfall to us before the end of the interest period. We will give you reasonable notice of any shortfall you must pay under this condition 4h.
- i** **If you have not paid the total amount you owe by the time the property stops being security for the loan (either because we have sold it or for any other reason), you must pay us the shortfall immediately. We will charge interest, at the appropriate interest rate or rates, on any shortfall until it is paid in full.**

## 5 WHEN WE MAY END AN INTEREST-ONLY ARRANGEMENT

We may give you at least 30 days' notice putting an end to an interest-only arrangement if we:

- find out that you do not have a realistic plan for repaying the loan (or part of the loan) which is covered by the interest-only arrangement; or
- agree to extend the mortgage period because you will not be able to, or you believe that you will not be able to, repay the loan (or part of the loan) covered by the interest-only arrangement at the end of the current mortgage period.

**Any notice we give you under this condition will set out any increase in the monthly payment so that the loan (or part of the loan) which was covered by the interest-only arrangement will be repaid with interest by the end of the mortgage period (or any extended period we have agreed with you).**

## 6 INTEREST

- a** In each interest period we will charge interest:
- for the whole of the interest period, on the total amount you owed at the end of the previous interest period (including any interest or costs which have arisen but not been paid);
  - on any money we lend you during the interest period, from the date we lend it until the end of the interest period; and
  - on any costs which arise during the interest period, from the date they arise until the date you repay them or the end of the interest period, whichever is earlier.
- b** The date we provide the loan to you is considered to be:
- if we pay it by cheque, the day after the date of our cheque; or
  - if we transfer the funds to you by electronic transfer, the date of the transfer.
- c** If we provide a further loan on the same terms as an earlier loan which you are still paying off, we may either set up a new account for the further loan or add it to the same account as the earlier loan.
- d** We will charge interest at the appropriate interest rate or rates.

### **Changes to the standard variable rate or an SVR-linked rate**

- e** Condition 6f applies only if you are paying interest at an SVR-linked rate, or if you agree to do so at any time in the future. Condition 6g applies if you are paying interest at either the standard variable rate or at an SVR-linked rate, or if you agree to do so at any time in the future.
- f** We may change the SVR-linked rate by changing:
- the standard variable rate; or
  - any premium rate or discount rate which we add to or subtract from the standard variable rate to arrive at the SVR-linked rate (if the offer or any separate agreement allows this).
- g** We may change the standard variable rate at any time for one or more of the following reasons.
- (i) To reflect any change in the cost of us borrowing the money we use in our residential mortgage business in the United Kingdom (for example, when there is a change in market interest rates).
  - (ii) To reflect any change in the standard variable rates (however described) which other mortgage lenders charge on loans secured on homes in the United Kingdom.
  - (iii) To allow us to increase the rate we pay to customers with savings accounts in the United Kingdom to a level which is competitive with the rates which other banks and building societies offer to their savers.
  - (iv) To make sure that the amount we receive from all borrowers will allow us to meet any regulatory requirements that apply to us.
  - (v) To make sure that the amount we receive from all borrowers will allow us to maintain the stability of our residential mortgage business in the United Kingdom over the long term.
  - (vi) To reflect any change outside our control in the costs, charges and expenses we have to pay to manage our borrowers' accounts.
  - (vii) To reflect a change in the risk of shortfalls on our borrowers' accounts as a result of a change in general economic conditions affecting either:
    - the value of the properties our residential mortgages in the United Kingdom are secured on; or
    - the ability of all our borrowers to repay the amount they owe us.
  - (viii) To reflect a change in the law, any code of practice which applies to us, or a decision or recommendation made by a court, ombudsman or regulator.

Any reference to a change in this condition 6g is a reference to a change which has already happened or which we know will happen.

- h** Where we take a discount rate off the SVR to arrive at an SVR-linked rate, the discount rate cannot reduce the rate we charge below 0%.

### Notice of changes in the standard variable rate

- i** If you are paying interest at the standard variable rate or an SVR-linked rate, we will give you written notice of any change in the standard variable rate. The notice will give the date the change comes into effect (which will not be earlier than the date when you are considered to have received the notice).

### Changes to a tracker rate

- j** Conditions 6k to 6p apply if you are paying interest at a tracker rate, or agree to do so at any time in the future.
- k** We will not change the tracker rate unless there is a change in the base rate. **If there is a change in the base rate, we may delay changing the tracker rate for all or part of the permitted period.**
- l** If the base rate changes, the following will apply (unless condition 6m, 6n or 6o applies).
- (i) We will always change the tracker rate by the same amount within the permitted period.
  - (ii) We will give you written notice of each change we make in the tracker rate. We will do this as early as possible, and no later than 30 days after the change comes into effect.
- m** If the offer states that the tracker rate will not fall below a specified minimum (a floor), the following apply.
- (i) If a reduction in the base rate would cause the tracker rate to fall below the floor, we will reduce the tracker rate to a level which is equal to the floor.
  - (ii) We will not change the tracker rate unless and until a subsequent increase in the base rate would increase the tracker rate to a level which is above the floor.
- n** If there is a change in the base rate, and the base rate then changes again within the permitted period (starting on the date of the first change) and before we have changed the tracker rate to reflect the first change, we can choose to do any of the following.
- (i) To reflect each change in the base rate by making separate changes in the tracker rate (in which case, each change in the tracker rate will be made within the permitted period starting on the date of the relevant change in the base rate).
  - (ii) To make one change in the tracker rate within the permitted period starting on the date of the first change, so as to reflect only the difference between:
    - the base rate as it was immediately before the first change; and
    - the base rate as it is after the latest change.
  - (iii) To leave the tracker rate unchanged, if there is no difference between:
    - the base rate as it was immediately before the first change; and
    - the base rate as it is after the latest change.
- o** If the offer quotes a negative differential (one which we take off the base rate to arrive at the tracker rate), the negative differential cannot reduce the rate we charge below 0%.
- p** If the Bank of England's Official Bank Rate stops existing (or any rate of interest we have previously substituted for it under this condition 6p stops existing), we will give you at least 30 days' notice in writing. That notice will specify which other rate we will use as the base rate for the purposes of these conditions. That rate will:
- be set by the Bank of England or its 'successor' (the central bank or other monetary authority which, in our reasonable opinion, has taken over the Bank of England's role relating to setting interest rates in the United Kingdom); and
  - be the Bank of England's or successor's rate which, in our reasonable opinion, most closely matches the rate it will replace.

### General provisions about interest

- q** In any interest period, interest is charged from day to day but we will work out the monthly payment so that:
- the monthly payment due in each month pays off the interest charged on the loan in that month and, if we have set the monthly payment to include interest on any arrears, the interest charged on the arrears; and
  - the monthly payment due in each interest period pays off the interest charged on the loan in that interest



period and, if we have set the monthly payment to include interest on any arrears, the interest charged on the arrears.

For the purpose of working out the monthly payment, we will treat each month as an equal twelfth part of the year.

This condition 6q does not affect anything in conditions 4f, 4g, 4h, 4i, 6t and 6u.

**r** The total interest included in each monthly payment is made up of:

- interest charged in arrears (that is, interest charged before the payment date); and
- interest charged in advance (that is, interest charged after the payment date).

So, for example, if the payment date is the 10th of the month, the interest charged from the 1st to the 9th will be interest in arrears, while the interest charged from the 11th to the 31st will be interest in advance.

**s** We may continue to charge interest at the interest rate or rates which apply under the mortgage even if we get a court order under which you must pay some or all of the total amount you owe.

**t** At the end of any interest period, we will apply the payments we have received during that interest period to your account. If you have more than one account, we will apply the payments to the different accounts in line with your instructions. If you have not given us any instructions, we will apply the payments in proportion to the amounts owed to the different accounts.

**u** Unless you instruct us differently, we will use the payments that we apply to your account (or to each of your accounts):

- firstly, to pay off any arrears on the account and any interest on those arrears;
- secondly, to pay off the remaining interest which has been charged to the account; and
- lastly, to reduce the capital owed on the account.

## **7 CHANGING THE MONTHLY PAYMENT**

**a** We may change the monthly payment by giving you notice setting out the new payment and the date it will apply from.

**b** We will only change the monthly payment under condition 7a for one or more of the following reasons.

- (i) To take account of a change in the interest rate we charge.
- (ii) To make sure any further loan we make to you can be repaid by the end of the mortgage period.
- (iii) To take account of any extra payment or overpayment you have made.
- (iv) To make sure that any insurance premium we pay under condition 10d, or any other costs which become due under condition 14, can be repaid.
- (v) To reflect the start or finish of any interest-only arrangement.
- (vi) To reflect any change agreed between you and us (or allowed under the offer or any separate agreement) in how we charge you interest.
- (vii) To reflect the start or finish of any period during which the payment of interest is deferred (put off to a later date).
- (viii) To reflect any change agreed between you and us in the mortgage period or the interest period.

## **8 YOUR DUTIES**

**a** The duties set out in this condition continue while the mortgage deed still secures the total amount you owe. If you ask us for our permission under condition 8e, 8h, 8i, 8n or 8p, we will not refuse without good reason, and we will not put conditions on any permission we grant, unless those conditions are reasonable.

**b** You must keep to the terms of the offer and any separate agreement.

**c** You must complete all building work on the property, and any work specified as a condition of us providing the loan to you, to our reasonable satisfaction and as soon as reasonably possible.

- d** You must keep the property in a good state of repair.
- e** You must not do any of the following without written permission from us.
  - Alter the structure of the property or make additions to it.
  - Demolish or damage the property.
  - Change how the property is used, according to laws relating to planning.
- f** You must not do anything in connection with the property which may put the buildings insurance at risk or increase the insurance premium.
- g** If you receive any insurance-claim payment for loss or damage to the property, you must hold that payment on trust for us until you have done what we tell you to do with it, as described in condition 10g.
- h** You must not do any of the following without written permission from us.
  - Grant (or agree to grant) a lease or tenancy of the property.
  - Agree to someone giving up any lease or tenancy of the property.
  - Let anyone other than members of your household occupy the property, either instead of or as well as you.
- i** You must not give any other person, or allow any other person to gain, any mortgage or other security over the property without written permission from us.
- j** You must carry out any duties you have under laws relating to planning and the Housing Act of 2004, including any duties not to do something.
- k** You must carry out all the legal duties you have as the owner or occupier of the property, including any duties:
  - not to do something in connection with the property;
  - as a tenant under any lease of the property;
  - which, if the property is commonhold, you owe under the commonhold community statement (including the duty to pay the commonhold assessment and any reserve fund levies due for the property); and
  - to pay rates, taxes and other charges or expenses in connection with the property.

Any amounts you have to pay must be paid when they become due, and you must make good any loss we suffer if you do not pay them.

- l** If you give your landlord notice to extend the lease of the property or to buy the freehold of the property, you must immediately tell us in writing. When you get the longer lease or the freehold, you must give us the title (ownership) documents within 28 days. If we ask you to, you must, at your own expense, give us a 'first legal charge' over the longer lease or freehold (that is, a priority claim over or right to it) as security for the total amount you owe. (This condition applies to a longer lease or a freehold which you may be entitled to get 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 60 days or more in a row, you must tell 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, you must tell us about it. You must not reach any agreement about the claim, proceedings or notice without our written permission.
- o** If you find out about any circumstances which could lead to a notice being issued in connection with the property under sections 78A to 78YC of the Environmental Protection Act 1990 (relating to contaminated land) or section 161A of the Water Resources Act 1991 (relating to water pollution), you must:
  - tell us immediately; and
  - take reasonable steps to avoid the need for such a notice to be issued.

If such a notice is issued, you must meet its terms as soon as reasonably possible.

- p** You must not apply for an improvement grant or any similar grant for the property without our written permission.
- q** If the property is commonhold, the following will apply.

- (i) You must not give up or reduce any of your rights under the commonhold community statement.
- (ii) You must give us written details of any proposed amendment to the commonhold community statement, and vote against the amendment unless we tell you otherwise.
- (iii) You must take all reasonable steps to make sure that the commonhold association, and the owners and tenants of the other units within the commonhold, each meet their responsibilities under the commonhold community statement.
- (iv) You must immediately tell us in writing if any default notice (a notice which states that you have not been meeting your responsibilities under the commonhold community statement) is served on you.
- (v) You must immediately tell us in writing if any dispute between you and the commonhold association, or between you and the owner or tenant of another unit within the commonhold:
  - is referred to an ombudsman or to arbitration, mediation or similar; or
  - becomes the subject of court proceedings.

In each case, you must keep us informed of the progress of the claim or complaint.

- (vi) If you receive notice of a termination-statement resolution (a document containing the commonhold association's proposals for transferring the commonhold land and distributing their assets), you must immediately tell us in writing and give us a copy of the termination statement.
- (vii) If anyone presents a petition for winding up the commonhold association, you must immediately tell us in writing and, if we require, apply for a 'succession order' under section 51 of the Commonhold and Leasehold Reform Act 2002.

- r** You must not transfer the property unless you either pay us the total amount you owe, or you get our written permission to transfer the property without paying the total amount you owe. We may set conditions on any permission we give you to transfer the property. These conditions may include:
- paying a fee to cover our reasonable administration costs;
  - giving us any deed under which you transfer the property;
  - reducing the amount you owe to an amount which we reasonably consider appropriate considering the financial position of the person you transferred the property to (the transferee) and the value of the property; and
  - the transferee signing a deed promising to meet all your obligations under these conditions. That deed must include these conditions and be in a form approved by us.

## **9 FURTHER DUTIES TO PROTECT US**

- a** You must sign all legal documents we ask you to sign, and take all steps we reasonably ask you to take, in order to:
- put right any defects (flaws or faults) in the security created by the mortgage;
  - put right any defects in your title (rights of ownership) to the property;
  - allow us to sell the property if we become entitled to do so; or
  - allow us to exercise any of the other rights and powers we have under the mortgage.

- b** You transfer the following to us.

- The right to receive any payment which is due in connection with the property.
- The benefit of any rights concerning the property.
- The right to enforce anyone else's duties concerning the property.

When the mortgage deed no longer secures the loan, these rights will be transferred back to you.

- c** If you receive any money in connection with any right transferred to us under condition 9b, you must hold that payment in trust for us.
- d** If, under this condition 9, we receive any money paid because of defects in the property or the title (rights of ownership) to it, we will use the money to put the fault right unless we have good reason to decide that it is not practical to use the money in this way. In this case, we will use the money instead to reduce or pay off the total amount you owe.

## 10 INSURANCE

- a** You must keep the property insured at all times, and pay any costs for this.
- b** When you are insuring the property the following apply.
  - (i) The policy must cover the property against loss or damage by fire and against all other standard risks for residential buildings that we reasonably specify.
  - (ii) We must approve the amount the property is insured for and the amount of any excess (the amount you must pay towards any claim). We will be reasonable when deciding whether to approve these amounts.
  - (iii) You must keep the insurance in place for as long as you owe us any money under the mortgage and you must not do anything which would result in the insurance ending or not covering a claim.
  - (iv) You must show us details of the insurance when we ask for them, together with written confirmation that it is still in force. We may ask you for proof that you have paid the last premium.
  - (v) We will have the right to keep any commission or fee which the insurers pay us for referring you to them (if appropriate).
- c** We will have the right to insure the property if we do not give the approvals you need under condition 10b(ii).
- d** We may also insure the property if you do not keep it insured at all times, or if you are insuring it in a way which does not meet the requirements of condition 10b. If we insure the property, the following will apply.
  - (i) We will choose the insurer and the risks insured.
  - (ii) We will decide the amount of cover and any excess.
  - (iii) We will decide whether to insure the property through an agent or broker or directly with the insurer.
  - (iv) We will have the right to keep any commission the insurers pay us.
  - (v) We will ask you to pay the premium for the insurance when the policy is taken out and when it is renewed. If you do not do so, we may include the premium in the monthly payment due in the month after we have paid the premium. We will charge you interest on the premium until you have repaid it.
- e** If you hold the property under a lease, and that lease states that the property must be insured by the landlord, this condition 10e will apply in place of conditions 10a, 10b and 10c. In this case, you must take all reasonable steps to make sure that:
  - the property is kept insured for as long as you owe us any money under the mortgage;
  - the policy covers the property against loss or damage by fire and all other risks we reasonably specify; and
  - the level of cover is enough to fully reinstate the property (return it to the condition it was in), or the building the property forms part of.
- f** We have the right to negotiate with the insurers and settle any claims for loss of or damage to the property.
- g** Any money which you or we receive under an insurance policy for the property must be used to either make good the loss or damage or, if we reasonably decide that it is not practical for the money to be used in this way, to reduce or pay off the total amount you owe.
- h** If you arrange the insurance of the property, we may charge a reasonable administration fee to cover the cost of us making sure that the insurance meets the requirements of condition 10b. In line with condition 14, you must pay this fee when we ask you to, and we can charge interest on it until you have paid it.
- i** As well as our right to keep any commission referred to in conditions 10b(v) and 10d(iv), we also have the right to keep any commission or fee which the insurers may pay us in connection with any policy linked to the property or the mortgage (such as a payment-protection policy).

## 11 OUR RIGHT TO INSPECT AND REPAIR THE PROPERTY

- a** You must allow us or our agents to enter the property to inspect it. We will give you reasonable notice before we or our agents enter the property (except in an emergency), and we will make sure the inspection is at a reasonable time.
- b** If, when the property is inspected, there are problems with its condition or state of repair, we may give you notice to put the problems right within a reasonable time. If you do not do so, we can enter the property to carry out the necessary work. If we do this, we will not be considered to have taken possession of the property.
- c** In line with condition 14, you must repay any costs we have to pay under this condition 11. We can charge interest on these costs until you have repaid them.

## 12 OUR SECURITY FOR BUY-TO-LET LOANS

If:

- we provide you with a buy-to-let loan under this mortgage; and
- we provide another buy-to-let loan which is secured by a mortgage of another property (the other mortgage);

we have the right not to release either this mortgage or the other mortgage until the total amount you owe has been repaid.

## 13 PAYING OFF THE TOTAL AMOUNT YOU OWE

- a** **You may pay us some or all of the total amount you owe at any time. This does not affect your obligation to pay the following as part of the total amount you owe.**
  - **Any early repayment charge or other amount which the offer or any separate agreement requires you to pay as a result of you paying us some or all of the total amount you owe before the end of the mortgage period.**
  - **Any costs which you must pay under the offer, any separate agreement or these conditions.**
- b** If we increase the interest rate we charge, you may, within one month from the date we tell you about the increase, give us written notice that you want to repay the total amount you owe. If you then pay the total amount you owe within three months from the date we tell you about the increase, you will not have to pay the extra interest which would otherwise be due because of the increase (but you will still have to pay any early repayment charge or other amount which the offer or any separate agreement requires you to pay, together with any administration fee to cover our reasonable administration costs).
- c** If you ask us how much the total amount you owe would be on a future date, the figure we quote will only be correct if you 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 have the right to claim them from you after you have paid the rest of the amount you owe.
- d** If, after you have paid us what we told you was the total amount you owe, we find out that the figure we gave you was lower than it should have been, you must pay us the balance 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 we gave you the formal receipt, unless you were partly responsible for, or should reasonably have known about, the mistake. This will not prevent you from making a claim against us if you suffer a loss as a result of any mistake we make.

## 14 OUR COSTS, CHARGES AND EXPENSES

- a** In this condition 14, 'costs' means:
- all costs, charges and expenses (including VAT) we reasonably have to pay in connection with the mortgage or the security it gives us, including (but not limited to) the examples given in condition 14b; and
  - any administration fees we charge under condition 14c.
- b** Examples of the costs, charges and expenses mentioned in condition 14a are the costs of:
- any legal proceedings brought by or against you (or anyone else) in connection with the mortgage, the property, the security the mortgage gives us or the valuation of the property;
  - recovering money secured by the mortgage, protecting or preserving the property or the security the mortgage gives us, or exercising any of the rights and powers we have by law or under these conditions;
  - putting right any failure by you to carry out any of your duties relating to the property; and
  - keeping to any notice which is served on us, under the Environmental Protection Act 1990, in connection with the property.
- c** We may charge you administration fees for any work we carry out, or for any service we supply in connection with the mortgage or the amount you owe. The following terms apply to any administration fees we charge under this condition 14c.
- (i) Any administration fee we charge will not be more than our reasonable estimate of the average costs of us carrying out the activities we charge the fee for.
- (ii) The costs mentioned in (i) above include our external costs (that is, costs we have to pay to other people) and our internal costs (that is, costs of us carrying out activities ourselves).
- (iii) When estimating our internal costs we include in an administration fee, we may take account of:
- the direct costs of us carrying out the activities we charge the fee for; and
  - an allowance to reflect a reasonable share of our overheads for maintaining any premises, systems, facilities and resources which are used partly for carrying out those activities and partly for other purposes connected with our business.
- (iv) We may change our administration fees in order to:
- respond to a change in our external or internal costs of carrying out the activities the fee is charged for;
  - recover our external or internal costs of providing a new service;
  - recover any new or increased costs which we have to pay to other people for providing a service which we have previously supplied free of charge;
  - respond to a change in the law or a decision made by a court or the Financial Ombudsman Service;
  - meet regulatory requirements; or
  - reflect new or changed industry guidance or codes of practice.
- (v) Our standard administration fees are set out in our tariff. We will send you a copy of our tariff before you enter into the mortgage. We will also send you an updated copy every year.
- d** **You must pay our costs in full as long as we charge them reasonably and the amounts are reasonable.**
- e** **You must pay our costs when we ask for them.**
- f** If we have to pay any costs, we will charge interest on them from the date we ask you to repay them.

## 15 WHEN THE TOTAL AMOUNT YOU OWE MUST BE PAID OFF

You must immediately pay us the total amount you owe if any of the following events happen (in which case we will have no further commitment to lend any money).

- (i) You fail to pay us an amount (or amounts) equal to three monthly payments.
- (ii) You break any term of the mortgage (other than one requiring you to pay money) and, in our reasonable opinion, the matter is serious or persistent.
- (iii) A bankruptcy order is made against you.
- (iv) You make a formal arrangement with the people you owe money to (other than us).
- (v) A judgement or order is made against you or the property, and you would have to give up possession of the property if you did not keep to the terms of the judgement or order.
- (vi) The property is compulsorily purchased or its value is seriously reduced by some event.
- (vii) We learn that any information you gave us before we provided the loan was incorrect, or you did not tell us something that would have affected our decision to provide the loan.
- (viii) You (or anyone who takes over your rights and responsibilities) receive money from any source which, when you applied for the loan, you told us was intended to pay off the loan, and you (or the person who has taken over your rights and responsibilities) do not pay that money to us within three months of us asking for it. (This includes money from a security policy or plan as defined in condition 23a.)
- (ix) If the property is commonhold:
  - an order is made for winding up the commonhold association and no 'succession order' is made under section 51 of the Commonhold and Leasehold Reform Act 2002; or
  - a 'termination-statement resolution' is passed.
- (x) You give us possession of the property (that is, hand it over to us).
- (xi) We reasonably believe you have abandoned the property (in which case, we can take possession of it without getting a court order).
- (xii) If you (if you are the only borrower) die, or the last joint borrower dies.

## 16 OUR RIGHTS AND POWERS

If the total amount you owe has become immediately due under condition 15, the following will apply.

- a** We can exercise the 'power of sale' we have under the Law of Property Act 1925. We will decide the terms and conditions of sale in order to get the best price for the property that we reasonably can.
- b** We can take possession of the property or give any tenants notice to pay their rent to us.
- c** We can appoint a receiver on the following terms.
  - (i) The receiver may be one of our officers or employees.
  - (ii) We may pay the receiver's reasonable commission, fees and expenses.
  - (iii) Unless the receiver is one of our officers or employees, they will act as your agent, and you will be responsible for everything they do or fail to do.



(iv) As well as the powers a receiver has under the Law of Property Act 1925, the receiver will have:

- all the powers we have under these conditions (except the power to appoint a receiver);
- power to manage the property and to carry out any building or improvement work which is reasonably necessary to increase its value; and
- power to sign any document, or to take or defend any legal proceedings, which may be reasonably necessary for the receiver to exercise their powers.

**d** We can grant, or agree to grant, any lease, tenancy or licence of the property on whatever terms we reasonably think fit.

**e** We can agree to any lease or tenancy of the property being given up by the tenant if we reasonably believe that this will increase the property's market value.

**f** After taking possession of the property we can:

- remove any furniture or other items you leave on the property for seven days or more after we have given you notice to remove them, and deal with them on your behalf as we reasonably see fit; and
- receive and deal with any rent due under a furnished tenancy of the property as if it were paid for the property alone and none of it related to the furniture.

Doing either of these things does not give us any rights to the furniture or other items.

**g** We can use any money in a current or savings account you have with us to pay some or all of the total amount you owe. We will not pay you interest on the money after we have used it in this way.

## **17 PRESERVING OUR RIGHTS**

If we do not enforce, or delay enforcing, all or part of any term of the mortgage, we are still entitled to enforce the term, and exercise all our rights, in the future.

## **18 SHARES IN A MANAGEMENT COMPANY OR RESIDENTS' ASSOCIATION**

If, as owner of the property, you hold a share in a management company or residents' association, you must give us the share certificate. (This condition does not give us any right or claim to 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 larger share of the property, under the lease or a longer lease. These rights will be transferred back to you when we release the security we have for the loan.

## **20 OUR POWER TO TRANSFER**

**a** In these conditions, a 'transferee' is someone who we transfer any right or obligation we have under the mortgage to.

**b** We can transfer all or any of our rights and obligations under the mortgage without permission from you or the guarantor (if any) if:

- the transferee agrees to exercise the transferred rights and meet the transferred obligations in line with a statement of policy we approve before the transfer goes ahead; and
- we reasonably think that the statement of policy is not less favourable to you than the policy we were following before the transfer.



- c The transferee can change any statement of policy which we have approved under condition 20b as long as the change does not make the policy described in the statement any less favourable to you.
- d If we transfer all or any of our rights and obligations as set out in condition 20b, the terms of the mortgage will not change. This means that, if a transferee becomes entitled to change the standard variable rate under condition 6g, references to the 'standard variable rate' in these conditions, the offer and any notice served under condition 6i are considered to be references to the rate the transferee charges to all its borrowers who pay interest at a rate which the transferee can vary.
- e We will not transfer our rights under the mortgage except as set out in this condition.

## 21 POWER OF ATTORNEY

- a You appoint us (and, separately, any receiver we appoint under condition 16c) to be your 'attorney' with power to do the following things in your name and on your behalf.
  - (i) Receive any money which becomes due under any of the rights transferred to us under condition 9b.
  - (ii) Transfer any share which you, as the owner of the property, hold in a management company or residents' association to anyone buying the property.
  - (iii) Sign any document which is needed to put right any defects in:
    - the security created by the mortgage; or
    - your title (rights of ownership) to the property.
  - (iv) Sign any document which is needed to pass good title (that is, ownership of the property free of all rights and claims, apart from any which we accepted at the date of the mortgage) to anyone buying or leasing the property.
  - (v) Exercise or enforce any rights relating to the property which you are entitled to exercise or enforce.
  - (vi) If the property is leasehold, take any steps necessary to prevent the lease from being forfeited (ended by the landlord) or, if it is forfeited, to get relief against forfeiture (that is, a court order reinstating the lease).
  - (vii) If the property is commonhold, exercise your voting rights under the governing rules of the commonhold association, and pay any commonhold assessments or reserve-fund charges which you fail to pay on time.
  - (viii) Take any other steps needed to protect our security, or to allow our rights (and the receiver's rights) to be exercised effectively.
- b You cannot cancel the power we have to do the things set out in condition 21a until the mortgage no longer secures the total amount you owe.

## 22 THE GUARANTOR

- a Except as set out in condition 22g, the guarantor must pay us, when we ask, any part of the amount you owe which you fail to pay when it becomes due, together with interest at the appropriate interest rate or rates.
- b Except as set out in condition 22g, the guarantor must also, when we ask, pay us all losses we suffer, or costs we have to pay, as a result of you failing to carry out any of your duties under the mortgage.
- c **When a person agrees to act as guarantor, they are guaranteeing that the total amount you owe will be repaid (except as set out in condition 22g). That guarantee will continue to apply until the total amount you owe has been paid.**
- d The guarantor's duties will not be changed by:
  - any change in the rights we have against you or anyone else under the mortgage;
  - the way we try to enforce our rights against you;
  - any change in your circumstances or any other matter which makes it harder or impossible for us to get a payment from you, including your bankruptcy or insolvency; or
  - any circumstance which would not have changed the guarantor's duties if the total amount you owe were owed by him or her personally.

- e** Until you have paid us the total amount you owe, the guarantor must not:
- demand or accept (from you or anyone else who is acting as guarantor) any money you owe the guarantor as a result of them meeting their duties as guarantor;
  - enforce any rights they have against you or anyone else as a result of them carrying out their duties as guarantor;
  - compete with us in your bankruptcy or liquidation, or that of any other guarantor, or accept any money from your trustee in bankruptcy, committee of creditors, liquidator or administrator (or that of any other guarantor).
- f** If there is more than one guarantor, the mortgage deed and these conditions apply to each of them, whether or not they have all signed the mortgage deed.
- g** The guarantor's duties do not extend to paying:
- any part of a further loan;
  - any money you owe under a separate agreement; or
  - any losses we suffer or costs we have to pay in connection with a further loan or separate agreement;
- unless the guarantor has agreed otherwise in writing.
- h** **The guarantor agrees to pay us, when we ask, all costs, charges and expenses which arise as a result of us enforcing (or trying to enforce) our rights under this condition, unless those costs, charges and expenses are unreasonable.**

## 23 INVESTMENT POLICIES AND PLANS

- a** In this condition, 'security policy or plan' means:
- an endowment policy, term-assurance policy, pension policy or certificate of assurance; or
  - a personal-equity plan, individual savings account, or other investment plan;
- which you have agreed with us will be used to pay off the loan.
- b** As soon as you receive any money under a security policy or plan, you must:
- tell us you have received it; and
  - use it to pay or reduce the total amount you owe.
- c** If a security policy or plan can lawfully be used as security for the loan, but you have not given us a legal charge over it (that is, a claim over or right to it):
- we may hold the policy or plan document;
  - we will have an 'equitable charge' over the policy or plan (meaning that we have a security right over the policy or plan, but it may not be enforced as easily as a legal charge) until you give us a legal charge over it; and
  - you appoint us to be your attorney with the power to transfer, cash in or deal with the policy or plan, as we reasonably think fit, in your name and on your behalf, and to receive any money which becomes due under it.

- d** You must not allow a security policy or plan to become invalid.
- e** You must not 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 total amount you owe as intended.
- f** You must pay all premiums for a security policy or plan as soon as they become due.
- g** You must give us any information that we reasonably need about the security policy or plan, and provide proof of premium payments if we ask for them.
- h** You must keep to any agreement with us for paying us premiums under a security policy or plan so we can send them to the insurers or managers.
- i** If a security policy or plan becomes invalid, you must do everything necessary to reinstate it (if possible). If you can't reinstate the security policy or plan, you must take out a new one (or allow us to do so) to take the place of the old one.
- j** If the total amount you owe has become immediately due under condition 15, we may:
  - convert, sell, cash in or deal with a security policy or plan as we reasonably think fit;
  - exchange the policy or plan for one which no further premiums need to be paid on; and
  - make any other arrangements we reasonably think fit.

## **24 INFORMATION**

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

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

## **25 CHANGES TO THESE CONDITIONS**

We may change any of these conditions at any time by giving you at least 30 days' notice in writing, as long as the change is favourable to you.

## **26 GOVERNING LAW**

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

**You can get this document in Braille or large print,  
or as an audio version.**

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

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