



Principal Office
70 Owen Street, Tipton, West Midlands, DY4 8HG

**RESIDENTIAL MORTGAGE
CONDITIONS 2023
(ENGLAND AND WALES)**

RESIDENTIAL MORTGAGE CONDITIONS 2023

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

INTRODUCTION

This booklet sets out the conditions that you accept when you sign your mortgage deed. It should be read in conjunction with your mortgage offer.

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

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

MEMBERSHIP RIGHTS

When you complete a mortgage loan, you automatically become a member of the Society and you will be bound by the Society's Rules.

If there is more than one of you, the first named applicant in the mortgage application form will have borrowing membership rights. He or she is known as the representative joint borrower. If you wish to change the person who is the representative joint borrower, you can do so by writing to us. The change will take effect when the Society's records are changed (and we will try to make the change as soon as practical after you notify us).

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

Membership will cease if the Society exercises its power of sale or takes possession of the property and may cease if the Society transfers the mortgage under Condition 20.

SUMMARY

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

- | | |
|--------------------|---|
| Condition 2 | sets out the meanings of certain words and phrases and other things to bear in mind when you read the Conditions. |
| Condition 3 | has some further information about membership. |
| Condition 4 | deals with our security over the Property. |
| Condition 5 | sets out your repayment obligations, including the need to make Monthly Payments and to pay off the Mortgage by the end of the Mortgage Term. This Condition also deals with the circumstances when we can elect to set off money you owe us against any accounts you hold with us. |
| Conditions 6 and 7 | explain how we calculate Interest and when and how we can change the rate of Interest applying to your Loan. |
| Condition 8 | deals with rights in respect of the Property and the powers of attorney which you give us as security. |
| Condition 9 | sets out the things you must, and must not, do in relation to the Property, to protect its condition and value and our security. |
| Condition 10 | deals with your obligation to insure the Property. The Property must be adequately insured at all |

times.

- Condition 11 gives us power to take action to put things right if you do not carry out your obligations under the Mortgage.
- Condition 12 deals with fees and costs you must pay, and when and how we can change our Fees.
- Condition 13 sets out the circumstances in which we can require you to repay the Mortgage immediately: for example, if you do not do the things you have agreed to do.
- Condition 14 describes the remedies we have if we need to enforce our security: for example, we can repossess the Property and sell it, or appoint a receiver.
- Condition 15 gives you the right to pay off the Mortgage, although you should note that early repayment charges may apply – please check your Mortgage Offer or ask us.
- Condition 16 deals with the situation if our security is released by mistake.
- Condition 17 gives us power to deal with belongings left in the Property.
- Condition 18 has details of our requirements in respect of any life policy that is security for your Mortgage.
- Condition 19 describes the obligations of any guarantor for your Mortgage.
- Condition 20 gives us power to transfer the Mortgage.
- Condition 21 tells you how we will notify you of things under the Mortgage.
- Conditions 22 to 25 deal with certain other matters, including the law and language that apply and when and how we can change the Conditions.
- Schedule 1 sets out further obligations that apply to Borrowers which are companies incorporated as limited companies or limited liability partnerships (SPV Borrowers) including additional circumstances in which we may enforce our security.
- Schedule 2 sets out further obligations that apply to you if you are an expatriate Borrower.
- Schedule 3 Schedule 3 sets out further obligations which apply if the Mortgage is a Buy to Let Mortgage and/or if we agree in writing to the Property being rented to a tenant.

RESIDENTIAL MORTGAGE CONDITIONS 2023

CONTENTS

1.	About these Conditions	5
2.	Meanings of particular words and phrases.....	5
3.	Membership.....	6
4.	The security.....	7
5.	Repayment and our right of set off.....	7
6.	Interest.....	8
7.	Variation of the rate of Interest.....	8
8.	Rights relating to the Property and powers of attorney.....	9
9.	Your obligations	9
10.	Insurance.....	11
11.	Our Power to Remedy	11
12.	Fees and Costs	12
13.	Events on which the Total Debt becomes payable.....	13
14.	Our remedies	13
15.	Redemption	14
16.	Mistakes.....	14
17.	Furniture, etc	14
18.	Life Policies.....	15
19.	Guarantors	16
20.	Joint Borrowers.....	16
21.	Transfer of the Mortgage.....	16
22.	Notices	16
23.	General	17
24.	Which law applies?	17
25.	Changes to these Conditions	17
26.	Which language?.....	17
	Schedule 1	18
	Part A	18
	Part B	19
	Schedule 2	20
	Schedule 3	
	Part A	
	Part B	

1. About these Conditions

These **Conditions**, when read with your **Mortgage Offer**, set out the terms that govern your **Mortgage**.

2. Meanings of particular words and phrases

- 2.1. In these **Conditions**, some words and phrases have particular meanings. These words and phrases appear in bold print and start with a capital letter and their meanings are set out below.

Borrower means the person or persons including a **SPV Borrower or Borrowers**, named as the borrower in the **Mortgage Deed** and includes their personal representatives (if applicable). If two or more persons are the **Borrower**, then **Borrower** means all of them together and each one of them separately.

BTL Borrower means a **Borrower** to whose **Mortgage** the **Mortgage Offer** specifies that the **Buy to Let Mortgage Conditions** apply and an **SPV Borrower** means a company or limited liability partnership incorporated in England and Wales for the sole purpose of owning and letting residential property.

Buy to Let Mortgage Conditions means the conditions in Schedule 3 which we will specify in the **Mortgage Offer** if they are to apply to your **Mortgage**.

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

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

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

Expatriate Borrower means a Borrower who is a British Citizen and the holder of a British Passport but not ordinarily resident in the United Kingdom.

Event of Default applies in relation to **SPV Borrowers** and has the meaning given to this term in Part B of Schedule 1.

Fee means any fee we charge under **Condition 12.1**.

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

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

Life Policy means an endowment policy or other life assurance policy.

LPA means the Law of Property Act 1925.

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

Month means a calendar month.

Monthly Payment means the amount which you must pay each **Month** on the **Payment Day**. Your initial **Monthly Payment** will be shown on your **Mortgage Offer**, but we may change the **Monthly Payment** in accordance with **Condition 5.3**.

Mortgage means the entire legal agreement under which we agree to make a **Loan** to you and includes the **Mortgage Deed**, these **Conditions**, and your **Mortgage Offer**. If we have agreed to make more than one **Loan** to you, the **Mortgage** includes the terms and conditions of each **Mortgage Offer**.

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

Mortgage Offer means our written offer of a **Loan** to you, including any terms and conditions referred to in it.

Your **Mortgage Offer** may consist of more than one document.

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

Offer.

Other Rights means:-

any rights to which you are or may become entitled to in respect of the **Property**, including:-

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

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

Policy Owner means you if you are the owner of any **Life Policy** that is to be assigned to, or deposited with, us in connection with the **Mortgage**. It also means any other person owning a **Life Policy** that is to be used in connection with the **Mortgage**, and anyone who takes over a **Life Policy** and who is not the original **Policy Owner**.

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

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

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

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

2.2. In these **Conditions**:

- 2.2.1. "We", "us", "our" and "the Society" refer to Tipton & Coseley Building Society, and anyone who takes over the **Mortgage** from us.
- 2.2.2. "You" and "your" refer to the **Borrower** and anyone or corporate body who takes over your responsibilities for the payment of the **Mortgage**. If there is more than one **Borrower**, then all these **Conditions** apply equally to all of you and separately to each of you. *It is important to note that this means that each of you is responsible on your own for the whole of the **Total Debt**, and not just a part or proportion of it.*
- 2.2.3. Any references to an Act of Parliament or Act of Senedd Cymru includes any changes made to it and any legislation that replaces it.
- 2.2.4. If you have more than one **Loan**, references to the **Loan** are references to each **Loan** considered separately and references to **Monthly Payments**, the **Mortgage Term** and the **Payment Date** mean the **Monthly Payments, Mortgage Term** and **Payment Date** which apply to the **Loan** in question, if they are different.
- 2.2.5. If there is any inconsistency between these **Conditions** and the **Mortgage Offer**, the terms of the **Mortgage Offer** will apply.
- 2.2.6. The headings in these **Conditions** are not to be taken into account in interpreting them.
- 2.2.7. When things are referred to in the singular (for example "notice"), they include the plural (for example, "notices") and the other way around, and where we have used the masculine phrase, it includes the feminine, and the other way around, unless the context indicates otherwise.
- 2.2.8. Please see **Condition 22.5** as to the meaning of "personal notice".

3. Membership

- 3.1. You will automatically become a borrowing member of the Society when the **Mortgage** is completed and you will be bound by the **Rules**.
- 3.2. If we transfer the **Mortgage** under **Condition 20** and you cease to be a member, the **Rules** will cease to apply in respect of the **Mortgage**.
- 3.3. The Society's **Rules** are available to view via the Society's website.

4. The security

- 4.1. The security created by the **Mortgage Deed** is security for the **Total Debt** and will not be released until the **Total Debt** has been repaid in full.
- 4.2. If there are any other mortgages or charges affecting the **Property** apart from ours, then, unless we have priority over them or we have agreed in writing that they may remain in place, we may pay them off on your behalf. You must repay to us any amounts we pay when we call on you to make payment. **Interest** on these amounts will be charged from the date we call for payment until you pay us.

5. Repayment and our right of set off

- 5.1. You must repay the **Total Debt** by the end of the **Mortgage Term**.
- 5.2. You must make **Monthly Payments**. If your **Loan** is a repayment loan, the **Monthly Payment** will be calculated so as to pay off the **Loan** and interest and all other amounts you owe us under these **Conditions** by the end of the **Mortgage Term** (see also **Condition 5.5**). If your **Loan** is an interest-only loan, the **Monthly Payment** will only cover interest, and all other amounts you owe us under the **Mortgage** (including the **Loan** itself and any **Fees** and **Costs** that are added to the **Total Debt**) must be paid separately by the end of the **Mortgage Term**. Your **Mortgage Offer** will tell you whether your **Loan** is repayment or interest-only. It may be that one part of the **Loan** is on a repayment basis and the other part on an interest-only basis.
 - 5.2.1. For Retirement Interest Only (**RIO**) mortgages any **Mortgage Term** detailed in the **Mortgage Offer** or other documents is for illustration purposes only. This is an interest-only **Mortgage** with no defined term. The **Mortgage** must be paid off in the event of a life event, namely:
 - The death of the **Borrower** or the surviving **Borrower** in the case of a joint **Mortgage**; or
 - The **Borrower** not having the mental capacity in accordance with the Mental Capacity Act 2005 as amended from time to time; or
 - The **Borrower** ceasing to permanently reside at the property.
- 5.3. **Monthly Payments** may be adjusted up or down to take account of changes in the rate of **Interest**, the amount of the **Total Debt** or the **Mortgage Term**, any other changes to the terms of the **Mortgage** (including any change in the repayment method) that we may agree to or the ending of any particular feature of the **Mortgage** (such as a fixed or discounted interest rate).
- 5.4. The **Monthly Payment** may be rounded up to the nearest pound.
- 5.5. If we allow you to pay your **Mortgage** (or any part of it) on an interest-only basis you will at the end of the **Mortgage Term** repay the **Total Debt** to us from your own resources. We reserve the right (but are not obliged) at any time during the life of your **Mortgage** to convert your interest-only mortgage (or the relevant part of it) to a repayment mortgage if:-
 - 5.5.1. you fail to meet any of your obligations under the **Mortgage** or any **Life Policy** or other repayment strategy that was intended to be used to pay off the **Mortgage**; or
 - 5.5.2. we have reasonable grounds to believe that you may not be able to pay off the **Mortgage** at the end of the **Mortgage Term**; or
 - 5.5.3. you fail to comply, in any significant respect, with any of the other **Conditions** of your **Mortgage** and do not put right the failure within 30 days from the date in which we have given you notice requiring you to do so. In considering whether to exercise this right, we will try to discuss matters with you first and take account of your circumstances (including our understanding of your ability to pay) and we will not act unreasonably.
- 5.6. It is your responsibility to check that any repayment strategy is or will be adequate to redeem your **Mortgage** at the end of the **Mortgage Term**. You should also ensure that you have sufficient life insurance cover to repay the **Mortgage** in the event of

your death. **Interest** will continue to be charged until the **Total Debt** is repaid.

- 5.7. We will use any payments you make to us or we otherwise recover under the **Mortgage** in the following way. First, we will use them towards payment of any arrears of **Monthly Payments** or insurance premiums. Any balance will be used towards payment of any **Interest** you owe and any outstanding **Costs** or **Fees**, in such order as we may decide. Any remaining balance after that will be used to reduce the principal amount of the **Loan**.
- 5.8. If you do not make a payment on time under your Mortgage, we may use money in any account you have with the Society to make the payment. This right is sometimes referred to as the "right of set off". We can use this right where you have accounts in your sole name and where you have a joint account.
- 5.9. We will tell you (and any joint account holder) at least 14 days before we use our right of set off for the first time and (where appropriate) if we use it again. We will also tell you after we have used our right of set off, including the date we used it and the amount we used to set off.

6. Interest

- 6.1. You must pay **Interest** on the **Loan**. **Interest** will be calculated on a daily basis and is payable as part of the **Monthly Payments**. However, each **Monthly Payment** will be calculated on the basis of one-twelfth of a year, and not on the basis of the exact number of days in the particular **Month**.
- 6.2. **Interest** for the period from the **Completion Date** of any **Loan** to the last day of that **Month** should be paid separately to us. We will advise you of this amount following the release of the **Loan**.
- 6.3. Any **Interest** due in any **Month** which is not paid by the last day of that **Month** will itself attract **Interest**.
- 6.4. You should note that you will pay more **Interest** if you make your **Monthly Payment** on a day later than the **Payment Day**.
- 6.5. **Interest** will also be charged on **Costs** and **Fees** in accordance with **Condition 12**.
- 6.6. In calculating **Interest**, percentages will not be taken beyond three decimal places.
- 6.7. **Interest** will continue to be charged even if we get a court order against you for payment of some or all of the **Total Debt**.

7. Variation of the rate of Interest

- 7.1. Unless stated otherwise in the **Mortgage Offer**, we can change the **Interest** rate from time to time as set out in the following **Conditions**.
- 7.2. We will give you personal notice to tell you about a change, and to notify you of your revised **Monthly Payment**. If the change is an increase, this will be in reasonable time before it takes effect.
- 7.3. The **Interest** rate can be reduced without notice at any time, but we will inform you of the new rate at the earliest opportunity, and, where the reduction results in a change to your **Monthly Payment** we will give you personal notice of the revised **Monthly Payment** in reasonable time before it takes effect.
- 7.4. We can change the rate of **Interest** at any time for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):-
 - 7.4.1. to respond to changes in the Bank of England base rate or another equivalent base rate which replaces it;
 - 7.4.2. to reflect, proportionately, any changes in mortgage or investment rates charged by other firms providing similar products;
 - 7.4.3. to ensure that our business is run in a way which complies with the requirements of any body responsible for regulating our business, to changes in the law or codes of practice relating to providers of mortgage products or to the ruling or decision of a court or ombudsman which has an impact on the running of our business;
 - 7.4.4. to respond, proportionately, to any increases or reductions in the cost of funds we use in making loans to our mortgage borrowers. This includes changes to the cost to us of money deposited with us by savings accounts customers that we use to fund our mortgage lending. For example, our cost of funds can increase if the rates that we pay to customers holding savings accounts with us increases;
 - 7.4.5. to respond to any increase in cost or increase in risk to us as a result of any change of use of the **Property** or its occupation (for example, if the **Property** is let during the **Mortgage Term**);

- 7.4.6. to enable us to maintain our financial strength, in a reasonable and prudent manner, for the benefit of all our members; if we transfer the **Mortgage**, or if we acquire mortgage loans from another lender or our business is merged with another lender, to enable us to harmonise interest rates charged to our residential mortgage customers in a reasonable manner;
- 7.4.7. for any other reason set out specifically in the **Mortgage Offer**.
- 7.5. Any change that we make to the rate of **Interest** will be proportionate to the circumstances giving rise to the change.
- 7.6. If:
- Interest** on your **Mortgage** is at a fixed, discounted or other concessionary rate; and
- 7.6.1. you fail to comply with any material term or condition of the **Mortgage** and do not put the failure right within 30 days of our giving you personal notice requiring you to do so; and
- 7.6.2. the failure in question either:
- (a) does not relate to any arrears of sums due under the **Mortgage**; or
- (b) arises from non-repayment of an interest-only **Loan** at the end of the **Mortgage Term**,
- then we may change the **Interest** rate to our standard variable rate.
- 7.7. If we exercise our right under **Condition** 7.6, this will in no way prevent us from taking any action in respect of the failure, including demanding repayment under **Condition** 13.1 or enforcing our security under the **Mortgage**, unless we specifically agree otherwise.
- 7.8. If you are not a **BTL Mortgage Borrower** and you cease to occupy the **Property** as your main residence or the **Property** is let on a tenancy or (in Wales) an occupation contract by you whether with our written permission or not, we may charge interest at our Commercial Variable Rate and debit any applicable charges to the mortgage account.

8. Rights relating to the Property and powers of attorney

- 8.1. By signing and completing the **Mortgage Deed** you transfer to us, as part of our security over the **Property**, the benefit of any and all **Other Rights**.
- 8.2. If you receive any money arising from **Other Rights**, you must hold it on our behalf.
- 8.3. Our rights under **Conditions** 8.1 and 8.2 will last while the **Mortgage** is in existence.
- 8.4. By signing and completing the **Mortgage Deed**, you give us (and any receiver we appoint) a power of attorney (that is, a power to act on your behalf) to recover any money due in respect of **Other Rights**, including taking any necessary legal action.
- 8.5. You also give us (and any receiver we appoint) a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these **Conditions** and also to transfer any shares you may hold in any tenants' or residents' association or management company in connection with the **Property** if we sell the **Property** under **Condition** 14 and also to enter into any variation of your title to the **Property** in order to protect or enhance our security.
- 8.6. The powers of attorney in **Conditions** 8.4 and 8.5 are given to us as security for the **Total Debt** and cannot be withdrawn by you. They will, however, come to an end when the **Mortgage** comes to an end.
- 8.7. We will not use the powers of attorney unless one of the events mentioned in **Condition** 13 has occurred and we have told you that our right (or, our receiver's right) to use the power has arisen.
- 8.8. Our security under the **Mortgage Deed** automatically covers from the time of extension or acquisition any new or extended lease of the **Property** or any interest or further interest in the freehold of the **Property**, or of any building which includes the **Property**, that you may acquire. You must tell us of any such proposed acquisition or extension in advance and provide copies of all documents relating to those leasehold or freehold interests. If asked, you must sign any additional documentation that we may reasonably require to confirm this, including documentation giving us a legal charge over the interest in a form approved by us.

9. Your obligations

- 9.1. Unless you are a **BTL Mortgage Borrower** or we agree in writing, you must occupy the **Property** as your main residence until the **Mortgage** has come to an end.

- 9.2. Unless you are a **BTL Mortgage Borrower** and are already letting the property and are in compliance with the terms of the **Mortgage Offer** and Schedule 3 you must have vacant possession of the whole of the **Property** at **Completion**.
- 9.3. If you are a **BTL Mortgage Borrower** you must comply with the **Conditions** set out in Schedule 3 in addition to your obligations under this **Condition 9** until the **Mortgage** has come to an end.
- 9.4. Until the **Mortgage** has come to an end you must do the following:-
- 9.4.1. comply with all the terms and conditions of the **Mortgage**;
 - 9.4.2. if you are an **SPV Borrower**, comply with the **Conditions** set out in Part A of Schedule 1 hereto which shall apply in addition to your obligations under this **Condition 9**;
 - 9.4.3. if you are an **Expatriate Borrower**, comply with the **Conditions** set out in Schedule 2 hereto which shall apply in addition to your obligations under this **Condition 9**;
 - 9.4.4. look after the **Property** and keep it in good condition;
 - 9.4.5. properly finish (without delay) any building work on the **Property**;
 - 9.4.6. pay all rents, rates and other charges payable in respect of the **Property** when due;
 - 9.4.7. comply with all legal restrictions, obligations and conditions affecting the **Property**;
 - 9.4.8. comply with all planning, housing and environmental laws and the requirements of local and other authorities;
 - 9.4.9. send us within seven days a copy of any notice received from a local authority or other third party (such as a landlord) that might be important in respect of the **Property**;
 - 9.4.10. allow our representatives access to the **Property** to check on its condition and use, so long as we give you reasonable notice and specify a reasonable time;
 - 9.4.11. allow us to hold any deeds or documents relating to the **Property** if we so require;
 - 9.4.12. sign and execute all documents and do all other things that we may reasonably require to ensure that the security granted to us by the **Mortgage Deed** is in full force and effect;
 - 9.4.13. if we reasonably so require, grant to us (or to any person to whom we sell or intend to sell the **Property** in exercise of our power of sale) any rights of access, light or other amenities over any land owned by you neighbouring the **Property**, if they are reasonably necessary for the use of the **Property**; and
 - 9.4.14. tell us about any significant dispute affecting the **Property** or any lease of it.
- 9.5. Until the **Mortgage** has come to an end you must NOT do any of the following in relation to the **Property** unless we have agreed in writing that you can:-
- 9.5.1. apply for any improvement or other grant;
 - 9.5.2. change its structure, demolish it or change its use;
 - 9.5.3. sell, transfer or otherwise dispose of it;
 - 9.5.4. unless you are a **BTL Mortgage Borrower** and then only to the extent permitted under Schedule 3 hereto, subject to Condition 9.7, create any letting, lease, licence or (in Wales) occupation contract;
 - 9.5.5. terminate or change any lease under which you are a tenant (and any statutory right you may otherwise have to do this will not apply);
 - 9.5.6. create (or allow to exist) any mortgage or charge other than this one;
 - 9.5.7. create any circumstances (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.
- 9.6. We shall be at liberty and in our absolute discretion to either accept or refuse any requests made by the **Borrower** under **Condition 9.5** (apart from 9.5.6). Should we decide to accept any request of the **Borrower**, we shall be entitled to charge a **Fee** or additional interest to be paid as a condition of our giving consent. The amount of the **Fee** shall be a sum that we consider reasonable.

9.7. If you are not a **BTL Mortgage Borrower** but you wish to let the **Property** or in Wales enter into an occupation contract and we agree in writing to such a letting or occupation contract, **Conditions** 2 and 5 to 13 of Schedule 3 hereto will also apply in respect of any such letting or occupation contract in addition to your obligations under this **Condition** 9 and you must comply with them.

10. Insurance

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

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

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

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

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

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

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

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

You must not do or allow anything to be done that might make the insurance invalid. You must not, without our written consent, put in place any buildings insurance in respect of the **Property**, other than the insurance required by this **Condition** 10. We will not unreasonably refuse our consent.

10.9. Any money received by you from any insurance relating to the **Property** must be held on our behalf unless and until it is used as required by **Condition** 10.8.

11. Our Power to Remedy

11.1. If you do not carry out any of your obligations under the **Mortgage**, we may (but we do not have to) carry them out. For this purpose, we may need to have reasonable access to the **Property**, which you agree to give us. If we have access this does not mean we have taken possession of the **Property**.

11.2. Without limiting **Condition** 11.1, if the **Property** is leasehold we may take any steps (including paying any money due to the landlord) that we reasonably consider necessary to prevent termination or forfeiture of the lease.

11.3. If we incur any **Costs** as a result of our acting under **Conditions** 11.1 or 11.2, you must reimburse us as soon as we ask you to. If you do not, the amount of the **Costs** will be added to the **Total Debt** and **Interest** will be charged on it in accordance with **Condition** 12.10.

12. Fees and Costs

- 12.1. We may charge **Fees** in relation to the operation of your account and for providing any service in connection with the Mortgage.
- 12.2. **Fees** specific to your **Mortgage** are set out in your **Mortgage Offer**.
- 12.3. Details of our other standard **Fees** are set out in our **Tariff**. We will send you a copy of our current **Tariff** at least once a year, but you can obtain a copy of this at any time by contacting us or looking at our website.
- 12.4. We will notify you of any **Fees** charged. **Interest** will be charged on any **Fees** not paid within seven days of our notifying you of them.
- 12.5. We can (unless otherwise stated in the **Mortgage Offer**) change the **Fees** we charge at any time. Changes may include the abolition of, or amendment to, existing **Fees** or the introduction of new **Fees**, and may be made if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):-
- 12.5.1. to respond to changes in the costs (including tax) we incur in providing the service, or carrying out the function, to which the fee relates;
 - 12.5.2. to meet the requirements of any body responsible for regulating our business or to meet the requirements of a ruling by a court or any adjudication or decision made by any relevant ombudsman;
 - 12.5.3. to respond to changes in the way that we look after your account as a result of changes in the banking or financial system, technology or the systems we use to run our business;
 - 12.5.4. to respond to new (or changes to) any statements or codes of practice relating to financial service providers designed to enhance consumer protection.

Any change that we make to our **Fees** will be proportionate to the circumstances giving rise to the change.

- 12.6. Where we introduce new **Fees**, or increase existing **Fees**, we will tell you about the change, not less than 30 days before it takes effect, as follows:-
- 12.6.1. by personal notice; or
 - 12.6.2. by sending you a copy of our revised **Tariff**.
- 12.7. A change which abolishes a **Fee**, or reduces the amount of an existing **Fee**, may be introduced with immediate effect and without notice.
- 12.8. You must also reimburse us for all reasonable expenses including legal expenses that we, or any receiver appointed by us, may incur. These **Costs** may arise if:-
- 12.8.1. you fail to do what you have promised to do under these **Conditions**;
 - 12.8.2. we exercise any of the rights we have under these **Conditions** or by law;
 - 12.8.3. if we take any action to safeguard our security; or
 - 12.8.4. under **Conditions** 10.3, 11.3 or 15.1.

Costs may include a reasonable amount in respect of our internal administrative expenses. They may also include legal costs which we have incurred. You have the right to ask for an assessment of legal costs.

- 12.9. Where it is possible to estimate the expenses we are likely to incur in particular situations, the amount of the **Costs** will be set out in our **Tariff**. When they are set out in the **Tariff** they may be changed for any of the reasons set out in **Condition** 12.5.
- 12.10. We will notify you of any **Costs** incurred. **Interest** will be charged on any **Costs** not paid within seven days of our notifying you of them.

13. Events on which the Total Debt becomes payable

- 13.1. If any of the events set out in **Condition** 13.2 happen, we may require you to pay the **Total Debt** immediately, in which case you must do so.

13.2. The events mentioned in **Condition 13.1** are:-

- 13.2.1. you do not pay when due, and still owe us, an amount equal to three **Monthly Payments** or more;
- 13.2.2. you fail to comply with any other material term or condition of the **Mortgage** and fail to put the failure right within 30 days of our giving you written notice to do so;
- 13.2.3. the **Property** is destroyed or demolished without our consent;
- 13.2.4. you die (or if there is more than one of you, the last surviving one of you dies) ;
- 13.2.5. you become bankrupt or unable to pay your debts in any jurisdiction;
- 13.2.6. any **Guarantor** dies, becomes bankrupt or becomes unable to pay their debts, unless there is a replacement **Guarantor** which is acceptable to us;
- 13.2.7. the **Property** becomes subject to a compulsory purchase order, or it is acquired or requisitioned by any authority legally entitled to do so;
- 13.2.8. where condition 9.1 applies, you cease to permanently reside at the **Property**;
- 13.2.9. any security for the **Mortgage** becomes unenforceable; or
- 13.2.10. you have been convicted of a criminal offence involving dishonesty or have provided us with misleading information in relation to the **Mortgage**;
- 13.2.11. you commence business other than as a special purpose vehicle undertaking the purchasing and letting of residential property;
- 13.2.12. if you are an **SPV Borrower** and an **Event of Default** occurs and is continuing.

13.3. In addition to those events mentioned in **Condition 13.2**, if you are an **SPV Borrower**, then we may require you to pay the **Total Debt** immediately if any of the events of default set out in Part B of Schedule 1 occur.

13.4. You must also pay the **Total Debt** if we give you not less than six **Months'** notice to do so. We will only give you notice under this **Condition 13.3** if we require repayment in order to preserve our liquidity or solvency or to comply with any regulation that applies to us.

13.5. In the event of the death of a **Borrower** or **Guarantor** interest will continue to be charged at the prevailing rate until the **Mortgage** is redeemed.

14. Our remedies

14.1. The statutory powers that we have as a mortgage lender under the **LPA** will come into force the day after the **Mortgage**. For the purposes of these powers, the **Total Debt** will be treated as due then.

When the **Total Debt** becomes immediately due and payable under **Condition 13** we may exercise the powers given to mortgagees by the **LPA** free from any of the restrictions contained in Section 103 of the **LPA**. In particular, we may do one or more of the following:-

- 14.1.1. take possession of the **Property** and require you to leave it;
- 14.1.2. appoint a receiver (who may be a person employed by us) or exercise any power given to a receiver under **Condition 14.4** below;
- 14.1.3. sell the **Property** by any method reasonably considered appropriate (including selling in parts), taking into account the nature of the **Property** and its condition at the time of sale or disposal;
- 14.1.4. let the **Property**, furnished or unfurnished, at such a rent and on such terms as we reasonably think fit or bring any letting to an end;
- 14.1.5. repair, alter or improve the **Property** as we reasonably think fit, in order to preserve the **Property** or our security;
- 14.1.6. employ any agents or workmen for the above-mentioned purposes.

- 14.2. No purchaser or other person dealing with us or any receiver need enquire whether the **Total Debt** has become immediately due and payable or whether any power has become exercisable, or to check on the use made of any money paid to us or to any receiver.
- 14.3. A receiver:-
- 14.3.1. will be entitled to be paid reasonable fees or commission, and will be appointed by us on such other terms as are reasonable in the circumstances;
 - 14.3.2. will be your agent (and you will be reasonable for the receiver's acts and omissions), except if the receiver is our employee; and
 - 14.3.3. will be entitled, in addition to the receiver's statutory powers, to collect and receive any rents from the **Property**, and to exercise any power (including selling the **Property**) which we would be able to exercise under the **Mortgage**;
 - 14.3.4. will be entitled to employ any agents or workmen to do things on his behalf.
- 14.4. If we sell the **Property** and the amount we obtain for it (after deducting all our expenses) is insufficient to repay the **Total Debt**, you agree, independently of any other **Conditions**, to pay us the shortfall with **Interest** calculated in the manner set out in **Condition 6**.

15. Redemption

- 15.1. Subject to **Condition 15.2**, you may pay off the **Mortgage** at any time by repaying the **Total Debt** (together with **Interest** up to the date of repayment and including any **Fees** and **Costs**) and any early repayment charges specified in the **Mortgage Offer**. You must also pay us any **Costs** that we have to pay any third party (such as the Land Registry) in connection with the redemption.
- 15.2. We may require you to repay all other mortgages you have with us before we release the security given to us by the **Mortgage**. Section 93 of the **LPA** will not apply.
- 15.3. The **Mortgage** will be security not only for the **Loan** but also for all money that may at any time be owing by you to us on any other mortgage. This means that if you fail to make any payments due on any mortgage with us and the **Property** is sold, any surplus funds will be used towards repayment of any other mortgage with us. If money is still owing on any properties that have been sold, that amount will be added to the amount owed on your other properties remaining in mortgage to us. In these circumstances we will still be entitled to take legal action to recover the **Total Debt** on the properties not yet sold.
- 15.4. **Conditions 15.2** and **15.3** do not apply to money which is owing under a loan that is a regulated agreement as defined by the Consumer Credit Act 1974, unless the appropriate requirements of that Act have been complied with.

16. Mistakes

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

17. Furniture, etc.

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

18. Life Policies

- 18.1. This **Condition** applies to every **Life Policy** that may be used from time to time to secure obligations under the **Mortgage**. Your **Mortgage Offer** will indicate whether a **Life Policy** is required and whether we require an assignment or a deposit of the policy with us. In the event that you do not for any reason keep up any **Life Policy** taken out in relation to an interest-only mortgage, we reserve the right (but are not under any obligation) to convert your **Mortgage** to a repayment mortgage under

Condition 5.5. (Please see **Condition 5.2** for meanings of interest-only and repayment mortgages.)

- 18.2. If we require a **Life Policy** as security and we do not have an assignment of it, the policy will be treated as deposited with us and we will have an interest in it known as an equitable charge. The **Policy Owner** appoints us to be their attorney so that we can assign, surrender or sell or otherwise deal with the policy or the policy money. The **Policy Owner** cannot revoke this appointment unless and until the **Total Debt** is repaid.
- 18.3. The **Policy Owner** agrees and confirms as follows:-
- 18.3.1. to assign the **Life Policy** to us (if we so require);
 - 18.3.2. to pay on time all premiums and other money necessary for keeping the **Life Policy** in force;
 - 18.3.3. to produce to us (if we ask) receipts for payments of premiums;
 - 18.3.4. not to do anything or permit anything to be done which would make the **Life Policy** invalid;
 - 18.3.5. not to give or attempt to give any other person any interest in the policy or proceeds of the **Life Policy**; and
 - 18.3.6. to do everything necessary to keep the **Life Policy** in force. If the **Life Policy** does become invalid the **Policy Owner** will do everything necessary to put into force a new policy on the same life or lives and for the same amount as in the old policy. For the purposes of the **Mortgage** and these **Conditions** any new policy will automatically take the place of the old one and if it is not assigned to us it will be treated as deposited with us and we will have an equitable charge on it.
 - 18.3.7. If you are not the **Policy Owner** you must ensure that the **Policy Owner** carries out his/her obligations under **Condition 18.3**.
- 18.4. If there is any failure by the **Policy Owner** to comply with **Condition 18.3** or if we are able to exercise our power of sale in respect of the **Property** we may also do any of the following (so far as applicable, depending on the type of **Life Policy** concerned):-
- 18.4.1. surrender the **Life Policy** to the insurers;
 - 18.4.2. exchange it for a fully paid **Life Policy**;
 - 18.4.3. make such other arrangements as we may reasonably think fit for realising the value of the **Life Policy**;
 - 18.4.4. arrange for the sale of the **Life Policy** ;
 - 18.4.5. make such other arrangements with the insurer as we reasonably decide.
- 18.5. Any money that we receive in respect of the **Life Policy** at any time or for whatever reason will be used to reduce or discharge the **Total Debt**.
- 18.6. If the **Total Debt** is repaid we will, if requested (and subject to **Condition 18.8**), release the **Life Policy** back to the person entitled to it so that we no longer have any right to the policy. Any **Costs** that we incur in doing this must be paid by the person entitled to the policy.
- 18.7. If the **Total Debt** is repaid to us we may (with the agreement of the **Policy Owner**) keep the **Life Policy** to be used in connection with the payment of other money that we may have lent to you or that we may lend to you by a new mortgage. In this case the conditions that will govern that mortgage will then apply.
- 18.8. The **Policy Owner** (when this is not you) agrees not to compete with us in claiming the **Life Policy** or any money payable on it until the **Total Debt** has been repaid in full.
- 18.9. The **Policy Owner** confirms and agrees that no money has been or will be borrowed from the insurer by the **Borrower** or the **Policy Owner**, and that no money has been or will be borrowed from any source by the **Borrower** or the **Policy Owner** or any other person under any option or privilege conferred by or in connection with the Life Policy
- 18.10. We will be entitled to keep any commission we receive from the sale of the **Life Policy**.

19. Guarantors

- 19.1. If you are an **SPV Borrower** and/or your **Mortgage Offer** requires you to provide a **Guarantor** for your **Mortgage**. By

signing the **Mortgage Deed**, the **Guarantor** shall enter the deed of guarantee in the Society's standard form.

19.2. You consent to our providing information about the **Mortgage** to the **Guarantor**.

20. Joint Borrowers

20.1. If there is more than one of you each of you is responsible together and separately for all your obligations under the **Mortgage**. This means that each of you is responsible on your own for the full amount of the **Total Debt** (and not just a part or proportion of it).

21. Transfer of the Mortgage

21.1. We may at any time transfer some or all of our rights under the **Mortgage** and/or a **Loan** (including our rights against any **Guarantor**) to any person, whether or not a Building Society. However, we will only transfer our rights if we reasonably think that the policies operated by that person in connection with the **Mortgage** are not less favourable to you, to any material extent, than the policies we were following before the transfer.

21.2. Our power to transfer the **Mortgage** (and/or any **Loan**) includes the power for us to offer your **Mortgage** (and/or a **Loan**) either alone or as part of a group of mortgages as security for borrowing by us.

21.3. In connection with such a transfer:-

21.3.1. if it is a full transfer of your **Mortgage**, you will cease to be a member of the Society in respect of the **Mortgage**, and our **Rules** will cease to apply (although if the transferee is a Building Society, you may become a member of the transferee, in which case its rules will apply);

21.3.2. we may disclose any information relating to you and the **Mortgage**; and

21.3.3. unless the terms of the transfer state otherwise, the person to whom we transfer the **Mortgage** will be able to exercise all the rights and powers that we could exercise before the transfer; and

21.3.4. your rights under the **Mortgage** will not be affected.

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

22. Notices

22.1. If we have to serve on you a letter or other document (or, subject to **Condition** 22.5, another form of personal notice) under this **Mortgage** it will be in writing and sent to your registered address or other address last known to us or, if you are an **Expatriate Borrower**, the address in England & Wales provided by you in your mortgage application.

22.2. If we send a notice in the post you are deemed to have received it by the time specified in the Society's **Rules** or, if the **Rules** no longer apply (by virtue of **Condition** 21.3.1), 48 hours after we have posted it regardless of the class of post used.

22.3. If there is more than one of you, then if you share the same address, we will send a single copy of the notice addressed to each of you. If you have different addresses, we will send a copy of the notice to each address. In that case, we will require the consent of all of you before we agree to change where notices, letters and statements are to be sent.

22.4. If we, accidentally, fail to:-

22.4.1. send you a communication intended for our borrowers generally or a category of our borrowers of which you are one; or

22.4.2. display a notice at our Principal Office or any branch office,

this will not make the notice or communication invalid.

22.5. In **Conditions** 7.2, 7.3, 12.6 and 25, a reference to "personal notice" means a letter or (if you have agreed with us that we are to contact you in this way) email or other forms of electronic communication. If a personal notice does not reach you because of circumstances outside of our reasonable control (such as post or electronic communications systems failure), this will not prevent the changes referred to in those **Conditions** from being put into effect.

23. General

- 23.1. If we decide to relax any of the terms of the **Mortgage**, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.
- 23.2. If we cannot enforce any term of the **Mortgage**, this will not stop us from enforcing the others. Each term is separate from the others.
- 23.3. We always try to provide a high level of customer service. Occasionally, however, things can go wrong. If they do, we will try to put them right.
- 23.4. If you have a complaint you should contact the Customer Service Team Leader at the branch where your complaint arose or the relevant departmental manager at our Head Office. A copy of our complaints procedure is available on request.
- 23.5. If we do not deal with your complaint to your satisfaction, you can refer it to the Financial Ombudsman Service. Details of this service are available on request at any of our offices.
- 23.6. You may also be able to submit complaints to the Financial Conduct Authority.
- 23.7. We are part of the Financial Services Compensation Scheme. Details of this scheme, and who is covered by it, can be provided separately.

24. Which law applies?

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

25. Changes to these Conditions

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

26. Which language?

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

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

Schedule 1

Additional conditions applying to an SPV Borrower

The provisions of this Schedule 1 apply if you are an **SPV Borrower**.

Part A

1. SPV Borrower obligations and confirmations

At the time you enter into the **Mortgage**, the **SPV Borrower** confirms to the Society that:

- 1.1.1 it has the capacity to execute, deliver and perform its obligations under this **Mortgage** and the transactions contemplated by it and its obligations under this **Mortgage** are, subject to any general principles of law limiting obligations, legal, valid, binding and enforceable;
- 1.1.2 the execution, delivery and performance of the obligations in, and transactions contemplated by, this **Mortgage** does not and will not contravene any agreement or instrument binding on the **SPV Borrower** or its assets, or any applicable law or regulation;
- 1.1.3 the **SPV Borrower** has taken all necessary action and obtained all required or desirable consents to enable it to make this **Mortgage** admissible in evidence in England and Wales;
- 1.1.4 no litigation, arbitration or administrative proceedings are taking place, pending or, to the **SPV Borrower's** knowledge, threatened against it or any of its assets;
- 1.1.5 no event or circumstance is outstanding which constitutes a default under any deed or instrument which is binding on the **SPV Borrower**, or to which its assets are subject, which might have a material and adverse effect on the **SPV Borrower's** ability to perform its obligations under this **Mortgage**;
- 1.1.6 no **Event of Default** has occurred and is continuing, or is likely to occur, as a result of the **SPV Borrower's** entry into, and performance of its obligations under, this **Mortgage**.

1.2 For so long as any amount remains outstanding under the **Mortgage**, the **SPV Borrower** shall:

- 1.2.1 file all tax returns required to be filed within the time period allowed;
- 1.2.2 pay all taxes shown to be due and payable on such returns or any assessments made against it within the time period allowed (other than amounts being contested in good faith in respect of which payment may be lawfully withheld and in respect of which it maintains appropriate reserves);
- 1.2.3 procure that any of its unsecured and unsubordinated obligations and liabilities to the **Society** rank, and will rank, at least pari passu in right and priority of payment with all its other unsecured and unsubordinated obligations and liabilities, present or future, actual or contingent, except for those obligations and liabilities mandatorily preferred by law of general application to companies;
- 1.2.4 promptly obtain all consents and authorisations under any law or regulation (and do all that is needed to maintain them in full force and effect) to enable it to perform its obligations under the **Mortgage** and to ensure the legality, validity, enforceability and admissibility in evidence of the **Mortgage** in its jurisdiction of incorporation;
- 1.2.5 not enter into any amalgamation, demerger, merger or corporate reconstruction;
- 1.2.6 not make any substantial change to the general nature or scope of its business as carried on at the date of the **Mortgage**;
- 1.2.7 notify the **Society** if there has been a change in accounting principles, standards or practices or financial reference periods;
- 1.2.8 supply to the **Society**:

- 1.2.8.1 all documents dispatched by the **SPV Borrower** to its shareholders (or any class of them), or its creditors generally, at the same time as they are dispatched;
- 1.2.8.2 details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the **SPV Borrower** or any of its directors as soon as it becomes aware of them, and which might, if adversely determined, have a material adverse effect on the **SPV Borrower's** ability to comply with its obligations in the **Mortgage**; and
- 1.2.8.3 promptly, any further information about the financial condition, business and operations of the Borrower that the Society may reasonably request.

Part B

2. Events of Default

Each of the events or circumstances set out in this paragraph 2 is an **Event of Default** resulting in the **Total Debt** owed by you becoming immediately due and payable.

- 2.1 The **SPV Borrower** stops or suspends payment of any of its debts, or is unable to, or admits its inability to, pay its debts as they fall due.
- 2.2 Any action, proceedings, procedure or step is taken for:
 - (a) the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the **SPV Borrower**; or
 - (b) the composition, compromise, assignment or arrangement with any creditor; or
 - (c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the **SPV Borrower** or any of its assets; or
 - (d) the enforcement of any security over any assets of the **SPV Borrower**.
- 2.3 The **SPV Borrower** commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its indebtedness (because of actual or anticipated financial difficulties).
- 2.4 Any event occurs in relation to the **SPV Borrower** similar to those in clauses 2.2 to 2.3 (inclusive) of this Part B, Schedule 1 under the laws of any applicable jurisdiction.
- 2.5 A distress, attachment, execution, expropriation, sequestration or another analogous legal process is levied, enforced or sued out on, or against, the **SPV Borrower's** assets and is not discharged or stayed within 21 days.
- 2.6 The **SPV Borrower** suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

Schedule 2

Additional conditions applying to an Expatriate Borrower

The provisions of this Schedule 2 apply to a **Borrower** who is an **Expatriate Borrower**.

1. Address for Service

- 1.1 You irrevocably agree we can serve any notice, letter or statement and any proceedings in connection with enforcing our security under the **Mortgage** against you at the address in England & Wales provided by you to us in your mortgage application.
- 1.2 You agree service of any legal proceedings shall be deemed completed on delivery of such legal proceedings to the address in England & Wales provided by you in your mortgage application (whether or not it is forwarded to and received by you).

Schedule 3

Additional conditions applying to a Buy to Let Borrower

1. Unless we agree in writing, if you are a **BTL Mortgage Borrower** the conditions in this Schedule 3 will apply until the **Mortgage** has come to an end.
2. References in this schedule to “letting” and “tenancy” includes an occupation contract under the Renting Home (Wales) Act 2016 (“**RHWA**”) and references to “tenant” includes a contract holder under the **RHWA**.
3. References in this schedule to “Rents” means rents or other sums (other than the sums representing or on account of insurance premiums, service charges and the like) payable under any letting or tenancy (including without limitation any value added tax payable on or in respect of the same) and all insurance moneys payable in respect of loss of Rents.
4. You must not leave the **Property** untenanted for a continuous period of 2 calendar months or more without our consent in writing unless you are making reasonable efforts to let the Property and you must notify us if the Property is untenanted for any such period.
5. You must not enter into any letting or tenancy to or with or allow the **Property** or any part of it to be occupied by
 - 5.1. the Borrower or any of member of the **Borrower’s** family, which includes the following: the **Borrower’s** child, grandchild, parent, grandparent, sibling, husband, wife, civil partner, or any other person with whom the **Borrower** has a relationship that is similar to a husband, wife or civil partner or that is an enduring family relationship;
 - 5.2. if the **Borrower** is a limited company, its directors, guarantors or shareholders or any member of their respective families which includes their respective children, grandchildren, parents, grandparents, siblings, husbands, wives, civil partners, or any other person with whom they have a relationship that is similar to a husband, wife or civil partner or that is an enduring family relationship;
 - 5.3. the seller of the **Property** to the **Borrower** or a prior owner of the **Property** or of the seller’s or prior owner’s family, which includes their respective children, grandchildren, parents, grandparents, siblings, husbands, wives, civil partners, or any other person with whom they have a relationship that is similar to a husband, wife or civil partner or that is an enduring family relationship;
6. You must not enter into any letting or tenancy to or with or allow the Property to be occupied by
 - 6.1. any person able to claim diplomatic immunity; and
 - 6.2. persons not permitted to reside in the United Kingdom.
7. When let, the **Property** must be let, if in England, on an assured shorthold tenancy (as defined by s.19A of the Housing Act 1988) or, if the **Property** is in Wales, on an occupation contract that is standard contract within the meaning of and which complies in all respects with the **RHWA** (including containing the fundamental provisions in schedule 1 of the **RHWA**) and that tenancy or occupation contract must:
 - 7.1. be in writing;
 - 7.2. be in respect of the whole of the **Property**;

- 7.3. be for residential use only and not for business or trade purposes;
 - 7.4. be to a private individual or if to more than one such individual to all of them jointly for use only as a single residential dwelling of the tenant or tenants and their immediate family as a single household and must prohibit any other use;
 - 7.5. where there is more than one **Borrower**, have all **Borrowers** named a joint landlords;
 - 7.6. in the case of an assured shorthold tenancy under the Housing Act 1988, be for a term of no less than 6 months and not more than 3 months provided that
 - 7.6.1. it must enable the landlord where the fixed term has expired to terminate the letting on not more than two months' notice;
 - 7.6.2. where the term is more than 12 months it must contain a provision allowing the landlord to terminate the tenancy agreement prior to the end of the term where the landlord's lender (the Society) has the right to exercise its power of sale or has appointed a receiver of Rents under the terms of its charge or pursuant to the **LPA**;
 - 7.7. in the case of a standard contract under the **RHWA**, be for a fixed term of either 6 months or 12 months;
 - 7.8. entitle the landlord to vacant possession at the end of the letting period, or earlier if the tenant breaches any of their obligations under the tenancy or occupation contract;
 - 7.9. prohibit absolutely the tenant(s) from transferring or assigning the tenancy or subletting the **Property** in whole or in part or from taking in lodgers or creating a dwelling in multiple occupation as defined in the Housing Act 2004 or occupied by more than one household or otherwise sharing or parting with possession of the **Property** in whole or in part;
 - 7.10. contain no unusual terms that will materially adversely affect the value of the **Property** or the security held by the Society;
 - 7.11. contain any provision that is contrary to the terms of any headlease;
 - 7.12. be for a rental that reflects the market rental value for the **Property**.
8. We may change our letting criteria (including introducing new requirements) as may be reasonably necessary as a prudent lender to protect the value of our security at any time or to reflect changes or reasonably anticipated changes in law, regulation or guidance. We will give you at least 1 months' notice of any change although if a tenancy entered into prior to the change was acceptable under the criteria before any change, it will remain acceptable for the unexpired term of that tenancy.
9. Prior to the commencement of any tenancy,
 - 9.1. in the case of leasehold property, you must obtain all required consent from your landlord and any superior landlord to the creation of the tenancy;
 - 9.2. you must obtain from any potential tenant(s) the required identification under the Immigration Act 2014 (or any other relevant legislation from time to time);
 - 9.3. in the case of an assured shorthold tenancy under the Housing Act 1988, you must have served on the tenant(s) notice under Ground 2 of Schedule 2 of the Housing Act 1988 and any other necessary notice (if you are not a BTL Mortgage Borrower but are letting with our written consent, this will include a notice under Ground 1 of Schedule 2 of the Housing Act 1988);
 - 9.4. in the case of a standard contract under the **RHWA**, you must
 - 9.4.1. be registered as a landlord with Rent Smart Wales;
 - 9.4.2. either have appointed a licensed agent to conduct letting and management activities in respect of the Property or if you undertake such activities yourself be licensed by Rent Smart Wales;
 - 9.4.3. have served on the tenant(s) a written statement complying with the provisions of the RHWA,
 - 9.5. you must ensure that any buildings insurance cover will continue during the letting of the **Property** in accordance with your obligations under Condition 10;
10. Each time you propose to enter into, renew or extend a tenancy or propose that a new tenant occupy the **Property**, you must provide in writing confirmation of the information set out in this **Condition 9** of Schedule 3 at least 14 days in advance:
 - 10.1. confirmation of
 - 10.1.1. the date of commencement of the tenancy;
 - 10.1.2. the period of the tenancy
 - 10.1.3. the total Rents payable by the tenant(s);
 - 10.2. if a deposit has been paid by any tenant(s), confirmation that such deposit is held, if the **Property** is in England, by a body that has been approved by the Government pursuant to the requirements of the Housing Act 2004 or, if the **Property** is in Wales, by a body approved by the Welsh Ministers pursuant to the requirements of the RHWA that appropriate notice of the same has been given to the tenant(s) and the date such notice was given;
 - 10.3. confirmation that all prescribed information required by law to be given to the tenant(s) by a landlord that applies to the **Property** and/or the tenancy has been duly given together with the date on which this information was given.
11. You must provide us a copy of any tenancy agreement, notices given to or by tenants, and the information in **Condition 9** of this Schedule 3 and proof of rental payments promptly on our request.
12. During any tenancy you must:

- 12.1. comply with all relevant legislation (including health and safety legislation and legislation as to fitness of a property for human habitation) that applies from time to time to landlords of residential property and that applies to the letting of the **Property**;
 - 12.2. ensure that the tenant and if there is more than one each tenant complies with their obligations under the tenancy;
 - 12.3. comply with your obligations as landlord;
 - 12.4. perform all obligations on the part of the lessee under any superior lease under which you hold the **Property** and to procure due performance by the landlord of any lessor's obligations under any such lease;
 - 12.5. ensure that the tenant(s) are not entitled to withhold payment of Rents or become entitled to exercise any right of set-off in respect of Rents;
13. You must not waive, vary or release any rights you may have against any tenant or occupier in a way which would have an adverse effect on us or our security without our agreement in writing;
 14. You must put right anything in respect of the Property that has been the subject of a formal complaint by any tenant that has been upheld by the local authority.
 15. Any tenancy that has been entered into prior to the completion of the **Mortgage** must have been approved in writing on the Society's behalf prior to the **Mortgage**. Any tenant under such a tenancy must be given notice by you of our interest in the **Property** and must include notice that the tenant(s) agrees to pay the Rents to us and/or vacate the Property if notice is served by us.
 16. If as well as this **Mortgage** you have a mortgage with us on any other property, in the event that you repay the total debt due in relation this **Mortgage** we may at our discretion refuse to release the Property from this **Mortgage** if we believe there is insufficient security under any such other mortgage over other property for repayment of any sum owed by you to us under that other mortgage
 17. If you have at any time either £500,000 or more outstanding to us whether under this **Mortgage** or otherwise or you have a portfolio of 3 or more properties mortgaged to us, you must provide us:
 - 17.1. at our request at least annually and more often if requested by us, a full schedule of rental income and details of the property portfolio;
 - 17.2. such financial information (which may include audited accounts) concerning you and the property portfolio as we may require.