



Foundation Home Loans

Residential Mortgage Conditions 2021

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Important Information – please read this

These **mortgage conditions** are an important part of the **agreement** between you and us for your mortgage. You should keep them in a safe place along with all the other documents we give you, in case you need to refer to them at a later date.

Please make sure you read the whole of your **agreement** with us, including your **offer** and these **mortgage conditions**. They set out the basis on which we are prepared to lend to you, and what you need to do.

You will see some individual words in bold. These words are explained in the Glossary at the end of the **mortgage conditions**.

You should not sign any documentation unless you are sure you understand the responsibilities you are taking on by entering into the **agreement** with us, and you are happy to accept those responsibilities.

If you do not understand anything in your **agreement**, we strongly recommend you seek legal advice.

If your **mortgage term** extends into retirement (or you're thinking of retiring early), you should make sure your income will be enough to meet your payment obligations while ensuring that you can still afford other bills and costs:

- (i) You should also consider whether, as you get older, you might want to move to a smaller property;
- (ii) You should check your **offer** to see whether you would have to pay an early repayment charge if you repay your mortgage early.

To help you understand some of the key terms of your **agreement** with us, we include some Frequently Asked Questions below. This section is only a summary and doesn't form part of your **agreement** with us. The **mortgage conditions** – which do form part of your **agreement** with us – start on page 6.

Frequently asked questions

What do you have to pay?

Your **offer** will set out what you have to pay each month, and (if your **loan** is made on an “interest only” or part “interest only” and part “repayment” basis) what you will have to pay at the end of the term of your **agreement** with us. The amount you have to pay each month could change. Condition 9 of the **mortgage conditions** explains when this might happen.

If your **loan** is made available on a “repayment” basis, your monthly payments will consist of repayments of capital (the amount you have borrowed under the **loan**) and interest.

If your **loan** is made available on an “interest only” basis, your monthly payments will only consist of interest. You will still have to repay all of the capital at the end of the term.

If your **loan** is made available on a part “interest only” and part “repayment” basis, your monthly payments will consist of interest and part repayments of capital.

Where your loan is made available on an “interest only” basis, or on a part “interest only” and part “repayment” basis, it’s very important that you make arrangements to repay the capital remaining at the end of the term. You should regularly check that these arrangements remain suitable and that you will be able to repay the capital remaining at the end of the term.

If you don’t repay all sums owed to us at the end of the term, we can take legal action against you. This could involve us repossessing and selling the property.

How is interest charged?

We will charge you interest on the **mortgage debt** at the **interest rate**. Initially, this will be the rate set out in your **offer** but if this changes we will advise you of the change. The **interest rate** may be a fixed rate, a tracker rate or a variable rate.

A fixed rate is a rate that stays the same for a set period of time, set out in your **offer**. At the end of the fixed rate period, your **interest rate** will change to another type of rate. Your **offer** will tell you what type of rate your **interest rate** will change to.

A tracker rate is a rate that tracks an externally set rate, such as Bank of England Base Rate. This means that the **interest rate** will change in line with changes to the external rate. Due to the way our systems work, this change may not take effect immediately. If the external rate goes up, the amount of your monthly payment will go up to cover the extra interest that is being charged. If the interest rate goes down, we will reduce your monthly payment. However, if the external rate is 0% or below 0%, we will still charge you interest at the "floor" interest rate that we have set out in your **offer**.

Unless your **offer** says that the **interest rate** is a fixed rate or a tracker rate, we can change the **interest rate** for any of the reasons set out in conditions 12, 13 and 14 of the **mortgage conditions**. You should make sure you read these conditions and understand the circumstances in which we can increase or decrease the **interest rate**. Your **offer** might also set out how the **interest rate** will change. Any increase or decrease in the interest rate will result in an increase or decrease in your monthly payment.

We will contact you to let you know when the interest rate changes, and what effect this has on your monthly payment.

You must make sure that you can afford to keep up your monthly payments if your interest rate goes up.

What other charges might apply?

We can charge you for other services in relation to the **agreement**. A copy of the **tariff** setting out our fees for certain services is enclosed with your **offer**. You can find an up to date copy of the **tariff** on our website, or you can ask us for a copy. We can change the **tariff**, including to introduce new charges. Condition 15 of the **mortgage conditions** explains when we might do this.

In addition, we can also charge you for any costs we incur because you don't meet your obligations under your **agreement** with us. These include **expenses** we might incur. Condition 15 sets out more information about these.

You may have to pay other taxes or costs (for example, legal fees payable to your solicitor) that are not paid through us or imposed by us.

Can you repay us early?

You can repay the **mortgage debt** in full or in part at any time. You may have to pay an early repayment charge if you repay some or all of the **mortgage debt** before the end of the term of your **agreement** with us. Your **offer** will explain what early repayment charges apply.

When you repay the **mortgage debt** (either early or at the end of the term), you will have to pay our Redemption Administration Fee. Details of our fees are included in our **tariff** but may change over time. Please refer to our most recent **tariff** for the up to date fees.

What are your obligations in relation to the property that we have security over?

The **loan** will be secured on the **property** described in the **mortgage deed**.

You must look after the **property**. This means you must keep the **property** in good repair. You must also get our permission before you carry out certain actions in relation to the **property**, such as altering or extending it. You must not grant security over the **property** (or any part of it) in favour of any other person without our agreement.

You must take out buildings insurance for the **property** and make sure this remains in place until you have repaid what you owe us. Condition 19 of the **mortgage conditions** explains what the insurance must cover.

What happens if you don't keep up payments, or don't meet your other obligations?

It's important for you to comply with all of your obligations under the **agreement**, because if you don't this can have severe consequences.

In certain circumstances, we can ask you to repay the **mortgage debt** immediately. For example, we can do this if you fail to pay an amount equal to at least two monthly payments, or if you commit a serious breach of one of your other obligations. The full set of circumstances in which we can demand immediate repayment are set out in condition 20 of the **mortgage conditions**.

If you don't keep up payments, or don't meet your other obligations, we can in certain circumstances seek a court order to repossess the **property**. Under the terms of our security over the **property**, in England and Wales we also have the right to appoint a person known as a "receiver" to deal with the **property**. You will be responsible for paying the receiver's fees, and these can be taken out of the sale proceeds of the **property**.

We (or any receiver we appoint) can take certain actions in relation to the **property** in these circumstances. These include managing the property (such as carrying out repairs) and removing your possessions from the **property**. We (or any receiver we appoint) can also sell the **property**.

If your **property** is in England or Wales, our rights are explained in condition 21 of the **mortgage conditions**. If your **property** is in Scotland, our rights are explained in condition 22.

We have the right to sell the **property** if you die (or, if there is more than one of you, the last of you dies). You may wish to consider having life cover in place to ensure that the **mortgage debt** is repaid when you die.

What if you are having difficulty paying your loan?

We understand that things can be difficult sometimes. We will try to help when a customer is having financial difficulties, or is going through some other difficult situation (for example, suffering from mental health issues).

If you're having difficulties and think this will affect your ability to keep up your payments, you should contact us straight away and consider the way in which we can assist you. Putting things off could make it harder to sort things out later on.

Free debt advice services are available from experienced advisors who may be able to help you. Organisations such as Citizens' Advice can also help.

What if you are joint borrowers?

If you're borrowing jointly, all of you together and each of you individually is liable for the **mortgage debt**. This means is that we can demand payment of the **mortgage debt** from all or some of you, or each of you individually.

Can we transfer the agreement and security to someone else?

We can transfer our interest in the **agreement** and the **mortgage deed** to someone else. Our right to do this is explained in condition 30 of the **mortgage conditions**.

About us

We are regulated by the Financial Conduct Authority, which imposes high standards of care on lenders in relation to regulated mortgages. We always aim to meet those standards, and to treat you fairly and sympathetically.

This is the end of the summary. The **mortgage conditions** – which form part of our legal **agreement** with you – begin on the next page.

Mortgage Conditions 2021

Introduction

1. How to read these mortgage conditions

1.1 Individual words in bold are defined in the Glossary at the end of the **mortgage conditions**. The Glossary also sets out rules that apply when interpreting these **mortgage conditions**.

1.2 Your agreement with us for the **loan** is made up of the following:

- (a) the **offer**;
- (b) these **mortgage conditions**;
- (c) your **mortgage application**;
- (d) your **acceptance of offer**, if required;
- (e) the **tariff**;
- (f) the **mortgage deed**. If the **mortgage deed** is a standard security, this includes the Standard Conditions that apply to that **mortgage deed**, as varied by these **mortgage conditions**;
- (g) any other security that you give us as security for the **mortgage debt**; and
- (h) any other document that you and we agree from time to time is to form part of the **agreement** (for example, if you ask us for consent to do something under the **agreement** and we give you our consent).

1.3 If these **mortgage conditions** contradict something set out in the **offer**, the **offer** will take priority unless we explicitly say otherwise in a specific condition in these **mortgage conditions**.

2. The parties to the agreement

2.1 We are Paratus AMC Limited, trading as Foundation Home Loans. References to “we”, “our” or “us” include ourselves and also:

- (a) our successors in title to the **mortgage** (either in law or in equity);
- (b) anyone who is entitled to exercise our rights following an amalgamation or takeover, or a reorganisation of our group;
- (c) anyone we transfer or assign the **agreement** or **mortgage deed** (and/or any other security we have for the **mortgage debt**) to in accordance with these **mortgage conditions**; and
- (d) anyone else who is legally entitled to the benefit of the **agreement** or the **mortgage deed** (and/or any other security we have for the **mortgage debt**).

2.2 References to “you” and “your” means each person named as a borrower in the **offer**, and includes your personal representatives and anyone who takes over your legal rights and duties under the **agreement**.

2.3 If you are the borrower(s) and there is more than one of you, all of you together and each of you individually is liable for the performance of your obligations under the **agreement** and for payment of the **mortgage debt**. This means is that we can demand performance (or payment of the **mortgage debt**) from all or some of you, or each of you individually.

Drawing the Loan

3. Your and our right to withdraw from the agreement

3.1 Unless we agree otherwise in writing, the **offer** will be cancelled and withdrawn automatically if **completion** does not take place on or before the expiry date stated in the **offer**.

3.2 You can withdraw from the **agreement** at any time before **completion**, by giving us written notice. You should tell us, your financial advisor and your legal representative that you have withdrawn from the agreement at once.

- 3.3 We can withdraw from the **agreement** at any time before **completion** in the following circumstances:
- (a) you are unable to comply with any important term or condition of the **agreement**; or
 - (b) we discover that you falsified or withheld information which was relevant when we assessed your ability to repay the **loan**;
 - (c) we discover that you knowingly provided incomplete or inaccurate information that we relied on when assessing your ability to repay the **loan**, and if we had received complete and accurate information we would not have offered you the **loan** on the same (or broadly the same) terms and conditions; or
 - (d) there has been an adverse change in the facts and circumstances relating to the **loan** since the date we made our **offer**, which we reasonably consider is material. Examples of a material adverse change include where:
 - (i) your circumstances have changed for the worse, to such an extent that, if you had applied for the **loan** in your new circumstances, we would not have agreed to lend the **loan** to you on the same (or broadly the same) terms and conditions; or
 - (ii) your financial circumstances have changed since you applied for the **loan**, in such a way that this is likely to have a serious impact on your ability to afford the **loan** (for example, you have lost your job or you have taken out further secured borrowing); or
 - (iii) something has occurred or has been discovered which affects the condition, value or legal title to the **property**, to such an extent that, if this had occurred or been discovered at the time you applied for the **loan**, we would not have agreed to lend the **loan** to you on the same (or broadly the same) terms and conditions.
- 3.4 You must tell us as soon as possible if your circumstances, or any of the information we received in support of your **mortgage application**, changes before **completion**.
- 3.5 This condition applies if (1) you exercise your right to withdraw before **completion**, or (2) if we withdraw before **completion** for any of the reasons set out in condition 3.3. It also applies if you do not accept the **offer** before the expiry date set out in the **offer**. In any of these situations:
- (a) you will not have to pay any early repayment charge;
 - (b) any “non-refundable” fees you have already paid us will not be returned to you. Your **offer** will explain which fees are non-refundable; and
 - (c) if your **offer** says that we will add a non-refundable fee to the **loan**, or says that you must pay a non-refundable fee to us when you draw any part of the **loan**, then you must pay this fee to us within fourteen (14) days of withdrawal or expiry of the **offer**.
4. **Conditions which must be satisfied before you can draw the loan**
- 4.1 This condition sets out various standard conditions which must be satisfied before we send the **loan** amount (or, if we have agreed to allow you to draw the loan in instalments, any instalment). You must also satisfy any other conditions which are set out in your **offer**.
- 4.2 We must receive:
- (a) the **acceptance of offer** (if required) signed by you, with no alterations (you should contact us if you want to change anything in the **offer**); and
 - (b) a Direct Debit mandate signed by you to cover your monthly payments.
- 4.3 We must receive a signed **mortgage deed** which gives us:
- (a) a first legal charge, if the **property** is in England or Wales; or
 - (b) a first ranking standard security, if the **property** is in Scotland.
- 4.4 Our legal representative must confirm to us that the person(s) signing the **mortgage deed** have a good and marketable title to the **property**, free from any restrictions, encumbrances, burdens, conditions or other matters which might adversely affect its value or marketability.
- 4.5 Unless we agree otherwise in writing, any existing mortgage, loan or other debt which is secured on the **property** must have been paid off in full on or prior to **completion**. You must inform us as soon as possible if you would like to leave any existing security over the **property** in place. We do not have to agree to this.

- 4.6 If you are using the **loan** to purchase the **property**:
- (a) the purchase price must be as set out in the contract for the sale of the **property** which was reviewed by our legal representative;
 - (b) the purchase price must not be reduced, unless we are given an explanation for the reduction which is reasonably satisfactory to our legal representative and/or valuer and us;
 - (c) no part of the purchase price must be left outstanding on **completion**;
 - (d) the full purchase price must be paid through your legal representative's client account;
 - (e) unless we agree otherwise in writing, you must provide the balance of the purchase price from your own resources. This means that the balance must not be provided by way of a loan, gift or concession made by the seller(s) or any third party in relation to the purchase price, whether secured on the **property** or not, and it must not be provided by anyone in return for any rights in the **property**;
 - (f) if you are using money from the sale of another property to finance the purchase of the **property**, you must complete the sale of that other property before **completion**;
 - (g) the purchase must not involve a sale and rent back arrangement under which the **property** will be occupied by the seller(s);
 - (h) you must move into the **property** within one (1) month of **completion**, unless we agree otherwise in writing; and
 - (i) unless we agree otherwise in writing, you must not be purchasing the **property** as a nominee or trustee for anyone else, and no one else must be given any option or other right to buy the **property** from you.
- 4.7 You must have arranged buildings insurance for the **property** as set out in the **offer** and in condition 19 below.
- 4.8 You must have vacant possession of the whole of the **property** at the time of **completion**.
- 4.9 If the **property** is in England or Wales, you must tell us before **completion** about any person who is or will be seventeen (17) or older at **completion** who will be living at the **property**, and who will not be signing the **mortgage deed** (whether or not they are a borrower). That person must sign a document in our standard form making any interest they have in the **property** subject to the **mortgage deed**.
- 4.10 If the **property** is in Scotland, and depending on the information you have given us in or accompanying your **mortgage application**, we may ask you to sign a document in our standard form to confirm that the **property** is not a matrimonial home or family home in relation to which a spouse or civil partner has any occupancy rights.
- 4.11 If the **property** is less than ten (10) years old or has been converted in the last ten (10) years, it must have the benefit of:
- (a) a home warranty indemnity insurance scheme which is reasonably acceptable to us; or
 - (b) a certificate from a suitably qualified professional consultant who confirms that he has appropriate experience in the design and/or monitoring of residential buildings. The professional consultant must certify that:
 - (i) he has supervised the building works;
 - (ii) the **property** generally has been constructed to a satisfactory standard and in general compliance with approved structural drawings and/or building regulations; and
 - (iii) he holds professional indemnity insurance to a minimum of fifty thousand pounds (£50,000).
- 4.12 If the **offer** says that we will hold back some of the **loan** on **completion** until some other condition(s) have been satisfied (for example, completion of any work that is being carried out on the **property**), we will not release that money until the condition(s) have been satisfied.
- 4.13 We must have received payment in full of all fees set out in our **offer** which are payable prior to or on **completion**.

- 4.14 We can ask you at any time before **completion** to confirm that the information we received in support of your **mortgage application** has not changed. We can also ask you to give us reasonable evidence to support any of that information, or any information we have received since your application.
5. **Drawing the loan**
- 5.1 Once the **loan** is available to be drawn, we will send the **loan** in a single amount to your legal representative, unless the **offer** says otherwise.
- 5.2 We will debit your **mortgage account** with the amount of the **loan** that is drawn. If your **loan** is drawn in instalments, we will debit your **mortgage account** with the amount of each instalment, at the time that instalment is drawn.

Your payment obligations

6. **What you have to pay by the end of the mortgage term**
- 6.1 You must repay the **mortgage debt** to us by making monthly payments over the **mortgage term**, together with any separate repayment of **capital** if your **agreement** is on an interest only basis, or a part interest only and part repayment basis, so that the **mortgage debt** is repaid in full by the end of the **mortgage term**.
- 6.2 The **mortgage debt** must be repaid sooner than the end of the **mortgage term** when:
- (a) you sell or re-mortgage the **property**; or
 - (b) we demand repayment under condition 20.
- 6.3 You can also repay the **mortgage debt** early, either fully or partially at any time. This is explained in condition 11.
- 6.4 If you do not repay the **mortgage debt** in full at the end of the **mortgage term**, we can continue to apply interest to the **mortgage debt** at the **interest rate** (or the rate set by the court, if we obtain a court order) until we are repaid in full. We can also exercise our rights as set out in condition 21 (if the **property** is in England or Wales) or condition 22 (if the **property** is in Scotland). These include a right to repossess and sell the **property**.
7. **What you have to pay each month**
- 7.1 You must make monthly payments over the **mortgage term** until the **mortgage debt** is repaid to us in full.
- 7.2 If the **interest rate** is a variable rate, it might change between the date of our **offer** and **completion**. This means that your monthly payment might be higher or lower than the amount we set out in the **offer**.
- 7.3 For the purposes of calculating your monthly payment, we assume that each month is one twelfth of the year.
- 7.4 If your **loan** is made on an interest only basis, your monthly payments will be made up of interest only. These will not reduce or pay off the **capital**, which you must repay no later than the last day of the **mortgage term**.
- 7.5 If your **loan** is made on a part interest only and part repayment basis, your monthly payments will be made up of interest plus a part-repayment of the **capital**. The monthly payments will partially reduce the **capital** over the **mortgage term**. You must repay the remaining balance of the **capital** no later than the last day of the **mortgage term**.
- 7.6 If your **loan** is made on a repayment basis, your monthly payments will be made up of interest and **capital**. Your payments will be calculated so that the **capital** will be repaid together with interest by the end of the **mortgage term**.
- 7.7 We will write to you to confirm when your first monthly payment is due. Your monthly payment will be due each month on the **payment day**. Depending on when the **loan** is drawn and when your first **payment day** falls, your first monthly payment may be greater than your normal monthly payment. Before you repay the **mortgage debt** at the end of the **mortgage term**, we will calculate your final monthly payment to reflect the final amount of interest payable on the **mortgage debt**.
- 7.8 If the **payment day** falls on a day which is not a **business day**, the monthly payment will be due on the next **business day**.

- 7.9 Unless and until we change the amount of your monthly payment under condition 9, if any monthly payments or other amounts due under the **agreement** are not paid by you when they are due, the amount of the monthly payment will not cover these (or the interest we charge on those amounts).
- 7.10 You must make monthly payments by Direct Debit from a UK bank or building society current account held in your name (or, if you are joint borrowers, the name of at least one of you), unless we agree otherwise in writing. If our request to collect a monthly payment is declined by your bank or building society, we can charge a fee for each unsuccessful attempt, where law or regulation allows us to do so. The fee is set out in the **tariff**.
- 7.11 We will treat your monthly payment as being received by us once we have received **cleared funds**.

8. How payments are applied

- 8.1 When we receive a payment, we will apply the amount received as follows:
- (a) firstly, towards any monthly payments that are in arrears;
 - (b) secondly, towards any unpaid interest, fees and **expenses** (if we have not added these to the **mortgage debt**); and
 - (c) finally, towards the remaining **mortgage debt**.

9. Changing the monthly payment

- 9.1 We can change the amount of the monthly payment from time to time to take account of any of the following:
- (a) changes which are set out in the **offer**;
 - (b) changes in the **interest rate**;
 - (c) changes in the amount of the **mortgage debt** (for example, if you repay part of the **mortgage debt** early, or we add missed monthly payments (including interest), underpayments, unpaid fees or **expenses** to the **mortgage account**);
 - (d) if you and we agree a change to the **mortgage term**, or the basis on which the **mortgage debt** will be repaid (that is, on an interest only basis, a repayment basis, or a part interest only and part repayment basis);
 - (e) if you and we agree to add any missed monthly payments (including interest), underpayments, unpaid fees and/or **expenses** to the **capital**;
 - (f) adjustments we may make to ensure that the **mortgage debt** is fully repaid by the end of the **mortgage term**, for example minor rounding up or rounding down due to the way we calculate monthly payments. We will not use this as a reason to add missed monthly payments (including interest), underpayments, unpaid fees and/or **expenses** to the **capital**, unless you agree to this or the law allows us to do this;
 - (g) a change to the **payment day**;
 - (h) if we are paying the insurance in relation to the **property** (under condition 19), and the insurance premiums change;
 - (i) if we grant any concession, or withdraw it;
 - (j) changes in legal or regulatory requirements; or
 - (k) any other change to the **agreement** that you and we agree.

- 9.2 We will give you notice of any change in the monthly payment at least seven (7) days before the next monthly payment is due. If we cannot give you at least seven (7) days' notice before your next monthly payment, the change will not take effect until the monthly payment after that.

10. Changing the payment day

- 10.1 We can change the **payment day** at any time to reflect:
- (a) reasonable changes in our business or the technology we use, including if we merge with another organisation or transfer our rights and obligations under the **agreement** to someone else;
 - (b) changes in payment technology; or

- (c) changes in legal or regulatory requirements.
- 10.2 We will give you at least two (2) months' notice of any change in the **payment day**.
11. **Overpayments and early repayments**
- 11.1 You can also repay the **mortgage debt** early, either fully or partially at any time.
- 11.2 You can make overpayments at any time, i.e. extra payments in addition to your monthly payments. You can do this by increasing your monthly payment, or making an additional separate payment to us. Please contact us to find out how to do this.
- 11.3 If the overpayment is £1,000 or more, we will credit this to your **mortgage account** on the day we receive **cleared funds**. We will then recalculate your monthly repayment.
- 11.4 If you make an overpayment of less than £1,000, we will take this overpayment into account for the purposes of calculating the interest we charge and the balance of your **mortgage account** will reduce by the amount of the overpayment from the date we receive **cleared funds**. However, we may not recalculate your monthly repayment until the total sum of overpayments made by you equals or exceeds £1,000.
- 11.5 Early repayment charges may apply to overpayments and early repayments. These are explained in the **offer**. If you repay the **mortgage debt** in full, you will also have to pay our Redemption Administration Fee.
- 11.6 You cannot redraw any amount you repay, and you cannot offset any overpayment or early repayment against any missed payment at a later date.

How we calculate interest, and when interest rates can change

12. **How we calculate and charge interest**
- 12.1 The **interest rate** is an annual rate. We will calculate interest on the **cleared balance** of the **mortgage account** at the **interest rate** each day, on the basis of a 365-day year (or a 366-day year if the year is a leap year). For the purposes of calculating your monthly payment, we assume that each month is one twelfth of the year.
- 12.2 Unless the **offer** says otherwise, we will charge interest monthly in arrears, on the last day of each month, and the interest charged will be included in your next monthly payment.
- 12.3 We will charge interest on the **mortgage debt** from **completion** and until the **mortgage debt** is repaid in full, even if this is after the end of the **mortgage term**.
- 12.4 If the **offer** says that the **interest rate** will change, it will change as set out in the **offer** and (if applicable) as set out in condition 13 (if the **interest rate** is a variable rate which tracks **Bank of England base rate**) or condition 14 (if the **interest rate** is our **standard variable rate**).
- 12.5 We can change how we calculate and/or charge interest under conditions 12.1, 12.2 and 12.3 at any time to reflect:
- (a) reasonable changes in our business or the technology we use, including if we merge with another organisation or transfer our rights and obligations under the **agreement** to someone else; or
- (b) changes in legal or regulatory requirements.
- 12.6 We will give you at least thirty (30) days' notice of any change in how we calculate and/or charge interest. We will act reasonably and proportionately in making the change.
13. **Changes to the Bank of England base rate**
- 13.1 This condition only applies where the **interest rate** is a variable rate which tracks **Bank of England base rate**.
- 13.2 The **interest rate** will change to reflect any change to the **Bank of England base rate**. We will give you notice of the change of **interest rate** and the date from which that change will take effect and will be applied to the **mortgage account**. However, if the **Bank of England base rate** goes below 0% or is 0%, the **interest rate** will be the "floor" set out in the **offer**.

- 13.3 We will give you notice of the change in the amount of your **monthly payment**, at least seven (7) days before the new amount is due.
14. **Changes to our standard variable rate**
- 14.1 This condition only applies where the interest rate is our **standard variable rate**.
- 14.2 We can reduce the **standard variable rate** at any time. We can also increase or reduce the **standard variable rate** for any of the following reasons which may exist at the time of the change, or which we reasonably expect will apply in future:
- (a) to respond to changes in the law or decisions of the Financial Ombudsman Service or similar body;
 - (b) to meet legal or regulatory requirements;
 - (c) to reflect new or amended industry guidance and codes of practice which relate to standards of consumer protection;
 - (d) to respond to changes in our costs in funding the **loan**. This could happen, for example, where the interest rate on the money we borrow to fund the **loan** (such as **Bank of England base rate** or some other market rate or index) increases or decreases, or changes in taxation make borrowing more or less expensive;
 - (e) to reflect changes beyond our reasonable control in the costs to us of providing the **loan** or the services and facilities available in connection with it (including changes in the technology we use); or
 - (f) to reflect other legitimate cost increases or reductions associated with carrying on our mortgage business, including the costs of funding that business.
- 14.3 Any change we make to the **standard variable rate** will be proportionate to the reason(s) for the change. We will give you notice of the change in the amount of your **monthly payment**, at least seven (7) days before the new amount is due.
- 14.4 If we merge with another organisation or transfer our rights and obligations under the **agreement** to someone else, that other organisation may have its own standard variable rate. If this is the case, that organisation's standard variable rate may apply as the **standard variable rate** under the **agreement** going forward, and may change in future as set out in this condition. If this happens, we will give you at least thirty (30) days' notice of the change.

Fees and expenses

15. **Our tariff, fees and expenses**
- 15.1 Our **tariff** sets out our standard fees for certain services. You must pay any fee set out in our **tariff** when we ask you to.
- 15.2 We can reduce or remove a fee in our **tariff** at any time. We can also change our **tariff** to add fees, or increase the amount of existing fees, for any of the following reasons:
- (a) to respond to changes in the law or decisions of the Financial Ombudsman Service or similar body;
 - (b) to meet legal or regulatory requirements;
 - (c) to reflect new or amended industry guidance and codes of practice which relate to standards of consumer protection; or
 - (d) to reflect changes in the costs which we incur in providing a service or facility, including changes in taxation or changes due to inflation, or where we previously provided a service for free or at a reduced rate of cost but it is no longer cost-effective for us to do so.
- 15.3 If we add a fee to the **tariff** or increase the amount of an existing fee, the change will be proportionate to the reason(s) for the change. We will give you at least fourteen (14) days' notice of the change before the change comes into effect.
- 15.4 You must pay any fees set out in the **offer** when we ask you to.

- 15.5 We will give you a copy of our current **tariff** at any time on request. We will also send you a copy of our **tariff** every year.
- 15.6 You must pay our reasonable **expenses** in full when we incur them. Where possible, we will try to (but do not have to) give you advance notice of any **expense** we expect to incur (including how much it is for and when we have to pay it by) and we will ask you to pay this in advance.
- 15.7 If you do not pay any fee set out in the **offer** or in the **tariff** when we ask you to, or any **expense** once we have incurred it, we will add this to the **mortgage account** and it will form part of the **mortgage debt**.
- 15.8 If we add anything to the **mortgage account** as an **expense**, or we add an unpaid fee, this means that interest will be charged at the **interest rate** on the amount we add, from the time we add it.

Additional borrowing

16. **Additional borrowing.**
- 16.1 You can apply for **additional borrowing** if your **offer** allows, but we do not have to give you **additional borrowing**, or to give you the full amount you have asked for.
- 16.2 We will assess your request for **additional borrowing** based on certain standard conditions, as follows:
- (a) you must meet our lending criteria and checks at the time we assess your request for **additional borrowing**. Our checks will include us considering whether the value of the **property** is sufficient to support the **additional borrowing** on top of your current **mortgage debt**. We will also consider your financial circumstances at the time and we may carry out a full affordability assessment, including updated credit reference agency checks;
 - (b) you must have had the **loan** for at least six (6) months since the time it (or any part of it) was first drawn;
 - (c) you must not have missed any monthly payments prior to the time we assess your request for **additional borrowing**, or have had any alternative payment arrangements in place with us during that time (for example, if we have agreed to reduce your monthly payments due to you being in financial difficulties); and
 - (d) we may carry out an updated valuation of the **property**, in which case you must pay our valuation fee. Our valuation fees are set out in our **tariff**, but we will let you know the current fee when you request **additional borrowing**.
- 16.3 Our lending criteria will change from time to time.

Security

17. **Security**
- 17.1 By entering into the **mortgage deed**, you give us security over the **property** to protect us in case you and/or any other borrower(s) do not keep to your and/or their obligations under the **agreement**. If we enforce the **mortgage deed**, we need to take certain steps which are set out in these **mortgage conditions**.
- 17.2 The **mortgage deed** is a continuing security for the **mortgage debt**. We do not have to discharge the **mortgage deed** until you have repaid the **mortgage debt** in full.
- 17.3 The **mortgage deed** is also a continuing security for any other amounts you may owe to us, now or in the future. For example, the **mortgage deed** will also be a continuing security for any further borrowing we agree to provide to you. This means that the security over your **property** may be for much more than the **mortgage debt**. We do not have to discharge the **mortgage deed** until you have repaid everything that you owe us in full.
- 17.4 Until you have repaid the **mortgage debt**, we will not release any other property that we hold as security for the **mortgage debt**.

- 17.5 As continuing security for the **mortgage debt** and all other amounts you may owe us now or in the future, you charge to us:
- (a) any rights you have under any agreement or guarantee relating to the **property**;
 - (b) any rights you have to claim damages in relation to the **property** (such as a claim arising from a misrepresentation about the value of the **property**, or against someone who has damaged the **property**);
 - (c) any rights you have to shares in a management or residents' company or similar association because of your interest in the **property**;
 - (d) all easements (or if the **property** is in Scotland, servitudes) and rights which benefit the **property**;
 - (e) any right you may have to compensation or insurance money payable in respect of the **property**;
 - (f) (if the **property** is in England or Wales) any right you may have to extend the term of any lease of the **property** or to take a new lease or acquire the freehold or other such interest in the **property**; and
 - (g) (if the **property** is in England or Wales) any leasehold or freehold interest in the **property** which you acquire after the date of the **mortgage deed**.
- 17.6 You must take any action in respect of the rights set out in condition 17.5 which we reasonably ask you to. In particular, you must sign a document (in the form we reasonably request) charging or assigning any of these rights to us as security for the **mortgage debt** and all other amounts you may owe us now or in the future, if we ask you to. For example, if the **property** is leasehold property in England or Wales and you extend the term of the lease or you acquire the freehold of the **property**, you must sign a new **mortgage deed** giving us security over the extended term or the freehold interest if we ask you to. Likewise, if you acquire any extra land and this is added to your **property**, you must sign a new **mortgage deed** giving us security over the additional land and/or the **property** as extended.
- 17.7 You must tell us without delay if you acquire any additional rights or interests in relation to the **property**.
- 17.8 If, on sale of the **property**, whether on enforcement of the **mortgage deed** or otherwise, the net proceeds are not enough to repay all or the **mortgage debt** and any other amounts you owe us, you must pay the shortfall to us. You must pay the shortfall even if we have given you a deed of discharge (or if the **property** is in Scotland, a discharge) of the **mortgage deed**. We will continue to charge interest on the shortfall at the **interest rate** (or the rate set by the court, if applicable) until it is paid.

Your obligations in relation to the property

18. Your obligations in relation to the property

18.1 You must:

- (a) keep the **property** in good repair and condition at all times to our reasonable satisfaction, and carry out any necessary repairs. These include any repairs that we say you must carry out in the **offer**. You must carry out those repairs within the time set out in the **offer** or, if the **offer** does not set a time frame, within a reasonable period of time;
- (b) make sure that any unfinished building or works on the **property** are completed without delay and to an appropriate standard;
- (c) keep all the utilities on the **property** and any heating system in good working order;
- (d) allow us or our agents to go into the **property** at any reasonable time in order to:
 - (i) inspect the state of repair and condition of the **property**;
 - (ii) carry out a valuation of the **property**; or
 - (iii) carry out work which we have asked you to do and which you have not done within a reasonable time;
- (e) if the **property** is leasehold in England or Wales, comply with all of the tenants' obligations under the lease;

- (f) keep to all covenants and laws which affect the **property** or its use;
 - (g) pay all existing and future rents, ground rents, taxes, outgoing, rent charges, service charges and any other money payable in relation to the **property** on time, and produce the receipts to us if we ask you to. If you do not make payment on time and we reasonably believe there is a risk to our security, we can make payment and add the amount to the **mortgage account** as an **expense**.
 - (h) send us a copy of any notice or other document (including any demand for payment of ground rent or any service charge) affecting the **property** within fourteen (14) days of receiving it from any of the following (or anyone acting on their behalf):
 - (i) a landlord (if the **property** is leasehold in England or Wales);
 - (ii) a rent charge owner (if the **property** is subject to a rent charge – this may apply in England or Wales);
 - (iii) anyone claiming a legal right over the **property**;
 - (iv) any government department, local or other authority;
 - (v) a commonhold association (if the **property** is commonhold – this may apply in England or Wales);
 - (i) take all reasonable steps to comply with the requirements set out in any notice referred to in paragraph (h) above, as well as any reasonable requirements we make once we have received the notice, within a reasonable period of time;
 - (j) if the **property** is leasehold in England or Wales, inform us of any proposal or notice you send to the landlord to convert the leasehold title to commonhold, or to renew or extend the term of the lease;
 - (k) inform us before you apply to a local authority or similar body for any loan or grant for the repair or improvement of the **property**. This is because the loan or grant may be subject to conditions which say that the whole or part of the grant is to be repaid in certain circumstances, for example if you do not live in the **property** for a certain period. You must not accept any such loan or grant unless we agree otherwise in writing.
- 18.2 You must occupy the **property** for residential purposes as a single dwelling, unless we agree otherwise in writing.
- 18.3 You must not do any of the following, unless we agree otherwise in writing:
- (a) alter the structure of the **property** or add anything to it, demolish all or any part of the **property** or change its use. Where necessary, you must also obtain the approval of the local planning authority to the changes;
 - (b) knowingly take any action in relation to the **property** which is contrary to law or regulation;
 - (c) grant or agree to grant any lease, tenancy or licence of the **property**. Any right you have under the Law of Property Act 1925 to grant leases does not apply;
 - (d) create or allow to exist any security or overriding interest to exist over the **property**;
 - (e) dispose of, share or part with possession of the **property**, or assign any of your rights or interest in the **property**;
 - (f) allow any person other than you to be registered as the proprietor of the **property**;
 - (g) if the **property** is leasehold in England or Wales, surrender the lease, agree to any changes in its terms or break any of its terms (including any term relating to the payment of ground rent and/or service charges) so as to allow the landlord to forfeit the lease;
 - (h) if the **property** is subject to a lease, accept or grant a surrender of that lease or agree to change any of its terms;
 - (i) use the **property** (or allowed it to be used) for a trade or business;
 - (j) negotiate, settle or waive any claim for loss, damage or compulsory purchase in respect of the **property**;
 - (k) abandon the **property**, or leave the **property** empty for more than sixty (60) days; or

- (l) knowingly cause or allow the **property** to become contaminated land under relevant environmental laws.
- 18.4 We may charge you for any costs we reasonably incur in considering your request for consent under condition 18.3 (for example, if we need to obtain legal advice or advice from a valuer or surveyor). We can charge these whether or not we give consent. Wherever possible, we will let you know what the cost will be. If you proceed but do not pay our reasonable costs on request, we can add these to the **mortgage account** as an **expense**.
- 18.5 If you do not comply with your obligations set out in this condition 19, we can do anything which you should have done on your behalf. If we do, you will be responsible for any costs we reasonably incur. We can add these to the **mortgage account** as an **expense**.
- 18.6 If the **property** is in Scotland, certain Standard Conditions apply under Scots law and form part of the **mortgage deed**. These Standard Conditions are set out in the Conveyancing and Feudal Reform (Scotland) Act 1970. They will apply to the **mortgage deed** as varied by these **mortgage conditions**.
19. **Insuring the property**
- 19.1 The **offer** explains that you must have appropriate buildings insurance for the **property** while the **mortgage debt** remains outstanding. This means that:
- (a) you must take out and maintain a comprehensive policy against all usual house insurance risks. These risks include fire, explosion, earthquake, storm, flood, escape of water or oil, subsidence, heave, landslip and malicious damage. The policy must be for the full reinstatement of the **property**, including clearing the site and paying all fees and expenses. The amount of cover must be index-linked and must be reviewed annually. The insurance cover must remain in place until the **mortgage debt** has been repaid to us in full;
- (b) if the **property** is in England or Wales and is leasehold or commonhold, and the terms of the lease or the commonhold community statement say that the **property** is to be insured by a third party (such as the landlord), then you do not need to insure the **property** separately. However, you must make sure that the **property** remains insured against all risks set out in paragraph (a) above while the **mortgage debt** remains outstanding. To the extent that the third party insurance does not cover these risks, you must take out and maintain additional insurance to cover these risks.
- 19.2 You must take out and maintain the insurance at your own cost. We can ask you at any time to provide details of the insurance, and evidence that it is in place.
- 19.3 If you do not maintain insurance as set out above, we can take out this insurance and pay any premiums and other costs necessary to obtain and maintain it. We will add these costs to the **mortgage account** as an **expense**. We will decide on the amount of cover and the risks to be insured, and we do not need to make sure that the cover is suitable for your purposes.
- 19.4 If we are unable to obtain suitable insurance cover, we can instead take out such insurance, on such terms, as we reasonably believe is adequate to cover our risk of suffering financial loss because the **property** is not insured. We can add our costs of obtaining and maintaining this insurance to the **mortgage account** as an **expense**. However, in this case the insurance will only protect us, not you. Any claim we make will only be for our benefit, which means that condition 19.7 will not apply in this case.
- 19.5 Where we arrange insurance, we are entitled to any commission or other benefit we receive and we do not have to give you details of any such commission or benefit.
- 19.6 You must not do anything, or allow anything to be done, which could make the insurance invalid or more difficult or expensive to obtain or maintain, or which would affect your ability to make a claim under the insurance policy.
- 19.7 We can, on your behalf, settle and adjust any claims under the insurance. Where the insurance pays out on a claim, we can receive the money paid out. If you receive it, you must hold it in trust on our behalf, keeping it separate from your other money, and pay it to us without delay. The insurance proceeds will be used as you choose (subject to any requirements imposed under the insurance policy) to either:
- (a) rebuild or repair the **property**; or
- (b) reduce or pay off the **mortgage debt**.
- 19.8 You must inform us without delay of any event that may give rise to a claim under the insurance.

Our rights if you do not meet your obligations

20. When we can ask for immediate repayment of the mortgage debt

20.1 If any of the following happens, we can demand that you immediately repay the **mortgage debt** and we can take the actions set out in condition 21 (if the **property** is in England and Wales) or condition 22 (if the **property** is in Scotland):

- (a) you have failed to keep up payments under the **agreement** and the total amount which is overdue is equal to two (2) monthly payments or more;
- (b) you fail to repay the **mortgage debt** at the end of the **mortgage term**;
- (c) you fail to comply with any other serious obligations under this **agreement**, and either:
 - (i) this failure cannot be put right, or
 - (ii) if the failure can be put right, you have not put it right within a reasonable time of us giving you written notice of it;
- (d) you persistently fail to comply with any of your obligations under this **agreement** (other than your payment obligations to us under the **agreement**, which are covered in paragraphs (a) and (b)). For example, this would apply if you persistently fail to pay ground rent or service charges in full and on time;
- (e) you fail to comply with your obligations to us under any other agreement you have with us which is secured by the **mortgage deed**, and (according to the terms of that other agreement) this entitles us to enforce our rights under the **mortgage deed**;
- (f) you are made bankrupt or, in Scotland, sequestrated;
- (g) you enter into (or propose to enter into) a voluntary arrangement, or enter into an arrangement with your creditors, or apply for an interim order;
- (h) any person with an interest in the **property** starts proceedings for possession, or to realise or enforce their interest in the **property**;
- (i) the **property** is taken into trust for the benefit of your creditors;
- (j) the **property** is sold, abandoned or compulsorily purchased or acquired by a local authority or the government (for example, a local authority forces you to sell the **property** to them);
- (k) the **property** has any restrictions placed on its use and as a result the value of the **property** has decreased or will decrease;
- (l) if the **property** is in Scotland, you have failed to comply with a calling up notice we have sent you;
- (m) you die or, if there is more than one of you, the last of you dies;
- (n) the **loan** has been obtained as a result of your fraud;
- (o) we discover that you knowingly provided incomplete or inaccurate information that we relied on when assessing your ability to repay the **loan**, and if we had received complete and accurate information we would not have offered you the **loan** on the same (or broadly the same) terms and conditions; or
- (p) the **mortgage deed** is no longer valid or legally binding for any reason.

20.2 We will not charge any early repayment charge if we ask for immediate repayment because you have died (or, if there is more than one of you, because the last survivor of you has died), provided you are up to date with your payments under the **agreement** at the time of our request. If your **offer** says that you must pay an early repayment charge, then this condition will take priority over what the **offer** says.

21. If the property is in England or Wales: action we can take on default by you

21.1 This condition only applies if the **property** is in England or Wales. It applies if any of the events set out in condition 20 has occurred.

- 21.2 We have the power to sell the **property** given to us by section 101 of the Law of Property Act 1925. This power will be available to us from the date of the **mortgage deed**, but we will only use it if any of the events set out in condition 20 has occurred.
- 21.3 We can demand that you leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent.
- 21.4 We can seek a court order instructing you to give us possession of the **property** and/or to pay us the **mortgage debt**. If we obtain a court judgment against you for the **mortgage debt** (or part of it), you must pay interest on that amount at the rate set by the court or, if the court does not set a rate, at the **interest rate**.
- 21.5 We can also exercise all the other powers conferred on mortgagees by the Law of Property Act 1925, without the restrictions that we have disapplied and which are explained in this condition 21.
- 21.6 The Law of Property Act 1925 applies in England and Wales and sets out certain rules in relation to the enforcement of security and the appointment of receivers. It is typical for a mortgage lender to choose not to apply some of those rules. We disapply certain rules, as follows:
- (a) section 109(8) of the Law of Property Act 1925 is amended to allow a receiver to use any money received by the receiver to repay any money owing in such order of priority as we and any receiver reasonably agree, rather than a specific order set out in those rules. Condition 21.13 explains how any amount received by us or the receiver is applied; and
 - (b) sections 99, 100 and 103 of the Law of Property Act 1925 set out specific powers in relation to dealing with a property, including powers of sale and restrictions on granting leases. These do not apply. We or any receiver will be able to deal with the **property** in any way that we see fit, provided we or the receiver act reasonably and do not breach the **agreement**.
- 21.7 We can appoint one or more persons to be a receiver of all or any part of the **property** and any other security we hold for the **mortgage debt** and any other amounts you owe to us which are secured by the **mortgage deed**. Each receiver we appoint will have all the powers of a receiver that are set out in the Law of Property Act 1925, without the restrictions that we have disapplied and which are explained in this condition 21.
- 21.8 Where we appoint more than one receiver, we can give them the power to act either together or on their own. We can remove a receiver and appoint another in his or her place at any time.
- 21.9 Although we appoint the receiver, the receiver will act for you and in your name (not ours), and you will be responsible for paying the receiver's fees, as well as any other expenses the receiver incurs in carrying out his or her duties. A receiver can charge any amount for his or her services which we reasonably agree.
- 21.10 We and any receiver can also employ and pay other agents to act in place of ourselves or the receiver. Those agents will be treated as your agent and you will be responsible for their fees and expenses, provided these are reasonable.
- 21.11 We or any receiver can do any of the following as your agent, without your consent and without giving you prior notice:
- (a) generally manage the **property**, including collecting and receiving all rents, arranging any necessary repairs and maintenance, making improvements, ensuring compliance with local authority requirements, complying with enforcement notices, maintaining, renewing or increasing insurance cover and serving notices under relevant legislation relating to tenancies;
 - (b) take possession of the **property**, and take any action or proceedings necessary to do so;
 - (c) sell, agree to sell or grant an option over the **property** or any part of it (whether or not we or the receiver have taken possession) for a price, and on such terms, as we (or the receiver) reasonably decide;
 - (d) let, sublet or agree to let or sublet the **property** or any part of it on such terms as we (or the receiver) reasonably decide;
 - (e) vary, renew, end, surrender or accept surrenders of leases, tenancies or licences over the **property**:
 - (i) either with or without any payment, including any money paid to a lessee or tenant in the case of a surrender;
 - (ii) with any rights relating to other parts of the **property**;

- (iii) containing any other obligations or covenants on our part, or on the part of anyone else; and
 - (iv) generally, on such terms as we (or the receiver) reasonably decide;
 - (f) make any arrangements or compromises relating to any lease of the **property**, and any covenants, conditions or restrictions relating to the **property** or to anything else;
 - (g) apply for any planning and other consents;
 - (h) sell any freehold or leasehold reversions created as a result of letting or subletting the **property**;
 - (i) where the **property** has been let or sublet, exercise all the powers and duties that the law confers on landlords at the time;
 - (j) pay amounts received in order to pay the receiver's and any agent's fees and expenses, and to repay what you owe us, as explained in condition 21.13;
 - (k) take any other action in your name or otherwise, and exercise any powers or authorities, as we or the receiver reasonably consider appropriate, as if we or the receiver were the actual owner of the **property**; and
 - (l) do anything else the law allows us to do as mortgagee (or the receiver to do as receiver) in connection with the **property**.
- 21.12 If we or a receiver take possession of the **property**, you must remove all items belonging to you or to someone else, including pets, livestock, furniture and other moveable physical items (but excluding fixed items, unless we agree otherwise in writing) from the **property** within seven (7) days. If you do not do this, then we or the receiver can:
- (a) deal with these as your agents and add the costs of doing so to the **mortgage account** as an **expense**;
 - (b) remove, store, sell, rent or otherwise dispose of any items. If we sell anything belonging to you, we or the receiver will give you any proceeds received less our or the receiver's reasonable expenses incurred in dealing with these; and
 - (c) remove and store anything which we know does not belong to you. We will add the costs of doing so to the **mortgage account** as an **expense**.
- We will not be responsible for any loss or damage caused by us or a receiver exercising these powers, unless we (or the receiver) fail to take reasonable care in dealing with items.
- 21.13 Any money that we or the receiver receive in exercising our or their powers will be (as far as the law allows) applied in the following order:
- (a) firstly, to pay the fees and expenses of the receiver and any agent which relate to the exercise of their powers;
 - (b) secondly, to repay us the **mortgage debt**; and
 - (c) if any money remains after that, it will be paid to the person entitled to that money.
- 21.14 No person who acquires any interest in the **property** is obliged to see whether we have complied with our obligations under this condition 21.
22. **If the property is in Scotland: action we can take on default by you**
- 22.1 This condition only applies if the **property** is in Scotland. It applies if any of the events set out in condition 20 has occurred.
- 22.2 We can demand that you leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent.
- 22.3 We can seek a court order instructing you to give us possession of the **property** and (if you are the borrower(s)) to pay us the **mortgage debt**. If we obtain a court decree against you for the **mortgage debt** (or part of it), you must pay interest on that amount at the rate set by the court or, if the court does not set a rate, at the **interest rate**.
- 22.4 We can do the following:

- (a) generally manage the **property**, including collecting and receiving all rents, arranging any necessary repairs and maintenance, making improvements, ensuring compliance with local authority requirements, complying with enforcement notices, maintaining, renewing or increasing insurance cover and serving notices under relevant legislation relating to tenancies;
- (b) take possession of the **property**, and take any action or proceedings necessary to do so;
- (c) sell, agree to sell or grant an option over the **property** for a price, and on such terms, as we reasonably decide;
- (d) let, sublet or agree to let or sublet the **property** or any part of it on such terms as we reasonably decide;
- (e) vary, renew, end, surrender or accept surrenders of leases, tenancies or licences over the **property**:
 - (i) either with or without any payment, including any money paid to a lessee or tenant in the case of a surrender;
 - (ii) with any rights relating to other parts of the **property**;
 - (iii) containing any other obligations or covenants on our part, or on the part of anyone else; and
 - (iv) generally, on such terms as we reasonably decide;
- (f) where the **property** has been let or sublet, exercise all the powers and duties that the law confers on landlords at the time;
- (g) make any arrangements or compromises relating to any lease of the **property**, and any covenants, conditions or restrictions relating to the **property** or to anything else;
- (h) apply for any planning and other consents;
- (i) where the **property** has been let or sublet, exercise all the powers and duties that the law confers on landlords at the time;
- (j) pay amounts received in order to repay what you owe us;
- (k) meet any of the Standard Conditions of the Conveyancing and Feudal Reform (Scotland) Act 1970 which you have not met. If we have to do this, you will be responsible for all costs and expenses that we reasonably incur;
- (l) take any other action in your name or otherwise, and exercise any powers or authorities, as we reasonably consider appropriate, as if we were the actual owner of the **property**; and
- (m) do anything else the law allows us to do as heritable creditor in connection with the **property**.

22.5 If we have issued a calling up notice in the correct manner (under section 19 of the Conveyancing and Feudal Reform (Scotland) Act 1970), demanding repayment of the **mortgage debt** (and/or any other amounts you owe to us at that time) in full and you have not complied with the calling up notice that we have issued:

- (a) you will be in default for the purposes of Standard Condition 9 of the Standard Conditions set out in the Conveyancing and Feudal Reform (Scotland) Act 1970; and
- (b) we can exercise all powers given to heritable creditors by (1) the Conveyancing and Feudal Reform (Scotland) Act 1970 and (2) the Homeowner and Debtor Protection (Scotland) Act 2010. This means that we are allowed to use all of the powers that those Acts give to us, as lenders, to take the necessary steps to protect our security over the **property** and to seek repayment of the **mortgage debt** and/or any other amounts you owe to us.

22.6 We can employ and pay other agents to act in place of ourselves. Those agents will be treated as your agent and you will be responsible for their fees and expenses, provided these are reasonable

22.7 If we take possession of the **property**, you must remove all items belonging to you or to someone else, including pets, livestock, furniture and other moveable physical items (but excluding fixed items, unless we agree otherwise in writing) from the **property** within seven (7) days. If you do not do this, then we or our agents can:

- (a) deal with these as your agents and add the costs of doing so to the **mortgage account** as an **expense**;

- (b) remove, store, sell, rent or otherwise dispose of any items. If we sell anything belonging to you, we or our agents will give you any proceeds received less our or our agents' reasonable expenses incurred in dealing with these; and
- (c) remove and store anything which we know does not belong to you. We will add the costs of doing so to the **mortgage account** as an **expense**.

We will not be responsible for any loss or damage caused by us or our agents exercising these powers, unless we (or our agents) fail to take reasonable care in dealing with items.

22.8 Any money that we receive in exercising our or their powers will be (as far as the law allows) applied in the following order:

- (a) firstly, to pay the fees and expenses of any agent which relate to the exercise of their powers;
- (b) secondly, to repay us the **mortgage debt**; and
- (c) if any money remains after that, it will be paid to the person entitled to that money.

22.9 No person who acquires any interest in the **property** is obliged to see whether we have complied with our obligations under this condition 22.

23. **Set-off**

23.1 If any amount owed by you under the **agreement** is presently due and payable and we hold money to your credit in any way, we can set-off or transfer the credit balance to repay what you owe us. We do not have to give you notice before we do this.

Other rules relating to the property

24. **Valuations**

24.1 Any valuation report we obtain is solely for the purpose of us deciding whether the **property** will be adequate security for the **mortgage debt**. It is only for our benefit, and if we share it with you then it is for your information only. You should not rely on the valuation report for any purpose. For example, it does not mean that the condition of the **property**, or the price you are paying for the **property**, is reasonable.

24.2 We can carry our further valuations of the **property** during the **mortgage term**, to make sure the **property** continues to be adequate security for the **mortgage debt** and any other amounts you owe to us at that time. You must pay our valuation fee for the new valuation of the **property**. Our valuation fees are set out in our **tariff**, but we will let you know the current fee before we carry out a new valuation. Wherever possible, we will let you know what the cost will be and we will give you at least fourteen (14) days' prior notice before we carry out the valuation, so that you can pay the valuation fee to us and avoid it being added to the **mortgage debt**. If you do not pay the valuation fee within that time, we can add the amount to the **mortgage account** as an **expense**.

25. **Management companies**

25.1 If you hold a share in a management or residents' company or similar association because of your interest in the **property**, we will exercise all rights under condition 26 and act as your attorney.

25.2 We will be entitled to do any of the following things on your behalf:

- (a) transfer the share to any person to whom we have sold the **property** under our power of sale and receive payment or other consideration for that transfer; and
- (b) exercise any voting rights as a result of our having taken possession of the **property**.

26. **Power of attorney**

26.1 We and (where applicable) any receiver appointed by us over the **property** may need to take certain action (including signing documents) on your behalf to protect our security over the **property**. You therefore appoint us and (where applicable) any receiver appointed by us to be your attorney to take such action where necessary. This means that we (and any receiver) are legally entitled either individually or jointly to act on your behalf and what we (and/or the receiver) do will bind you as though you had done them yourself.

- 26.2 If there are two or more of you, then you agree that we and any receiver appointed will be attorney for each of you individually, as well as for all of you jointly.
- 26.3 You agree to sign any document and do anything else which we reasonably request you to do in order to:
- (a) perfect or improve any security created or intended to be created for the repayment of the **mortgage debt** and any other amounts you owe to us that are secured by the **mortgage deed**;
 - (b) help the exercise or the proposed exercise by us of any of our powers under the **agreement**; and
 - (c) protect, manage or sell the **property** or any other security for the repayment of the **mortgage debt** and any other amounts you owe to us that are secured by the **mortgage deed**.
- 26.4 Under the power of attorney, we may execute any document or do anything which you are obliged to do under the **agreement**, including:
- (a) signing and completing any document which is needed to make good any defect in your title to the **property** or in the **mortgage deed**;
 - (b) transferring your share or interest in any management or residents' company, or your legal or beneficial interest in the freehold, or leasehold reversion of the **property** when we exercise our powers as mortgagee to sell or lease the **property**;
 - (c) entering into any variation of your title to the **property** in order to protect or enhance our security; and
 - (d) settling any claim made by your landlord, management company or commonhold association (if the **property** is in England or Wales and is leasehold or commonhold), or rent charge owner (if the **property** is subject to a rent charge) if we think it is reasonable for us to settle it in order to protect our security or maintain its value, even though you may dispute the sum claimed.
- 26.5 We will be entitled to delegate our power of attorney to third parties where this is reasonably necessary to help the exercise of our powers under the **mortgage deed**.
- 26.6 We will not be liable for anything which is done under the power of attorney unless we have failed to use reasonable care in exercising our power.
- 26.7 You cannot revoke this power of attorney until the **mortgage debt**, and any other amounts you owe to us which are secured by the **mortgage deed**, have been fully repaid and the **mortgage deed** has been released.
27. **Compensation from third parties**
- 27.1 You may at some time be entitled to recover money or damages:
- (a) to correct or compensate for defects or damage relating to the **property**, or the title to the **property**; or
 - (b) for any breach of contract or wrongful act or omission which may have caused damage to the **property** or the title to the **property**, or caused you to accept the **property** or the title to the **property** in a damaged or defective condition.
- 27.2 If you recover any money due the above, you can use the money received either towards making good the damage or defects, or towards payment of the **mortgage debt**.
28. **Storage of deeds**
- 28.1 You or your legal representative must provide us with the title deeds and any other title documentation in relation to the **property** for us to hold, if we request this.
- 28.2 Where we hold the title deeds to the **property**, you can ask us to send them temporarily to your legal representative, or to supply copies to you or your legal representative. We can impose reasonable conditions when we do so. Our charge for sending the deeds or copies is set out in the **tariff**.

General Conditions

29. Changes to other provisions

29.1 This condition applies to changes we can make to the provisions of the **agreement** or the **mortgage deed**, except for changes to:

- (a) the monthly payment (which are covered in condition 9);
- (b) the payment day (which are covered in condition 10);
- (c) the **interest rate** (which are covered in conditions 12, 13 and 14),; and
- (d) the **tariff** (which are covered in condition 15).

29.2 We can change the provisions of the **agreement** and/or the **mortgage deed** (except for the provisions mentioned in condition 29.1 above) at any time, if it is reasonable to do so in order to:

- (a) make them easier to understand or fairer to you;
- (b) reflect reasonable changes in our business or the technology we use, including if we merge with another organisation or transfer our rights and obligations under the **agreement** to someone else; or
- (c) changes in legal or regulatory requirements.

29.3 Any change we make under this condition 29 will be proportionate to the reason(s) for the change. If the change is to your disadvantage, we will give you at least thirty (30) days' notice of the change. If the change is not to your disadvantage, we can make the change immediately and we will tell you about the change within fourteen (14) days of the change coming into effect.

30. Our power to transfer

30.1 This condition sets out our right to transfer, in whole or in part, our rights and/or obligations under the **agreement**, the **mortgage deed** and any other security we hold for the **mortgage debt** at any time. In this condition, the word "transfer" refers to any transfer, assignment or assignment, mortgage, sale or other disposition of rights.

30.2 We can transfer our rights and/or obligations, as explained in this condition 30, without any further consent from or notice to you.

30.3 Unless the terms of the transfer say otherwise, the transferee will be able to exercise all the rights, powers and remedies which we are able to exercise before the transfer. Your obligations to us will continue to exist and will be for the benefit of the transferee.

30.4 Where we transfer all or some of our obligations to the transferee, you will be able to enforce the transferred obligations against the transferee, in the same way as you could enforce them against us before the transfer.

30.5 If we transfer any of our rights and/or obligations to a transferee:

- (a) this will not reduce your rights or increase your obligations under the **agreement**, the **mortgage deed** and any other security we hold for the **mortgage debt**; and
- (b) this will not reduce any guarantees you have under or by virtue the **agreement**, the **mortgage deed** and any other security we hold for the **mortgage debt**, including any protections that exist under general law or regulation.

30.6 We can, at any time, disclose to any actual or potential transferee of the **agreement**, the **mortgage deed** and any other security we hold for the **loan** and/or their funders (and to the agents, representatives and/or advisors of ours, the transferee and/or the funders) any information and documentation relating to:

- (a) you;
- (b) the **loan**;
- (c) the **property**;
- (d) the **agreement**;
- (e) the **mortgage deed**;

- (f) any other security we hold for the **mortgage debt**;
 - (g) the history and management of your **mortgage account** or any other account you hold with us;
 - (h) the results of any statistical, monitoring or quality analysis activity that we may carry out on your **mortgage account** from time to time; and
 - (i) any other relevant information in connection with your **mortgage account** .
- 30.7 As part of the transfer of our rights under the **agreement** and/or the **mortgage deed**, we, the actual or potential transferee and/or their funders may carry out a credit reference agency check for the purposes of quality analysis.
- 30.8 Where any information or documentation that we disclose was originally supplied by you, you agree that the person(s) we disclose it to can rely on it being true and accurate at the time you supplied it.
- 30.9 You cannot transfer any of your rights or obligations under the **agreement**, the **mortgage deed**, or any other security we hold for the **mortgage debt**.
31. **Your costs**
- 31.1 You will bear your own costs in complying with all of your obligations under the **agreement**, unless we agree otherwise in writing.
32. **Notices and contact details**
- 32.1 We can send any notices, statements and other communications to you in any of the following ways:
- (a) by post. We will send our letter to the **property** address. You will be treated as having received our letter five (5) days after we post it;
 - (b) by email, using the most recent email address you have given us. You will be treated as having received our email on the day after we send it, unless we receive a delivery error message;
 - (c) by secure message, where we offer this service. You will be treated as having received our secure message on the day we post it to your inbox; or
 - (d) by uploading the communication to a secure mailbox in your name on our website, and sending you an email, text, SMS or other electronic message (using the most recent contact details you have given us) to let you know that we have done this. You will be treated as having received the communication on the day after we send the email, text, SMS or other electronic message, unless we receive a delivery error message.
- 32.2 If there is more than one of you:
- (a) we will send statements to each of you unless we send these by post and you both live at the same address, in which case we can send a single statement addressed to both of you; and
 - (b) any notice or other communication we send addressed to one of you will be treated as having been sent to all of you, unless we have agreed different arrangements with you.
- 32.3 If your contact details and/or contact phone number change, you must immediately provide us with the new details in writing unless we agree otherwise.
- 32.4 If you (or either of you) move to live outside the United Kingdom, even temporarily, you must tell us. You must appoint someone in the United Kingdom to act as your agent for service of any notice, statement or other communication, and give us their details. If we give any notice, statement or other communication to such an agent, we will be treated as having given this to you.
- 32.5 You must send any notice or other communication to us by post to our registered office, or to any updated address we may tell you about from time to time. Our contact details will be available on our website or you may call us.
- 32.6 Any calls or electronic communications between you and us may be monitored and/or recorded for the purpose of keeping proper records of our communications, training purposes and to improve the quality of our service and for your protection and security.
- 32.7 The **agreement** and the **mortgage deed** are supplied to you in English and we communicate with you in English. You must also communicate with us in English.

33. **Accepting requests and instructions from you**
- 33.1 If there is more than one of you, we can accept and act on requests and instructions relating to the **agreement** from any of you where these are administrative in nature, unless at least one of you tells us otherwise in writing. Examples include a request for a redemption figure, or a request for a copy statement. However, we will not accept requests or instructions which affect your legal relationship with us unless these are signed in writing by all of you. These include instructions to draw the **loan** (or an instalment), or requests for **additional borrowing**.
34. **Mistakes**
- 34.1 If we materially miscalculate the amount payable by you to us or make any other material mistake about the mortgage this will not affect any of our rights, including our ability to claim the right amount from you either before or after the mortgage has been released with **interest** at the **interest rate** until repayment.
- 34.2 A receipt or letter saying the mortgage has been repaid in full will not prevent you from being personally liable if it is later found out that the amount of the mortgage debt was understated by mistake.
- 34.3 This does not affect any legal rights which you have as a result of the mortgage debt being understated.
35. **Implied terms**
- 35.1 Laws and regulations may imply certain additional rights and remedies into the **agreement** and the **mortgage deed**. Unless this **agreement** expressly disapplies these rights and remedies, they will apply to both you and us.
36. **Enforcing our rights and separate terms**
- 36.1 If we decide not to enforce any of our rights, or delay in enforcing our rights, our decision or delay will not affect our ability to enforce our rights at a later date.
- 36.2 Each provision in the **agreement** and the **mortgage deed** is separate from each other. This means that if one or more provisions becomes illegal, void or unenforceable, this will not affect any of the remaining provisions. The remaining provisions will apply as if the illegal, invalid, void or unenforceable provisions had not been included.
37. **Who can enforce the agreement and the mortgage deed**
- 37.1 No person, other than you, us and any person that we transfer our interest in the **agreement** or the **mortgage deed** to, will have the right to enforce any rights under the **agreement** or the **mortgage deed**.
38. **Circumstances outside our control**
- 38.1 We will not be liable to you for any loss, damage or delay you suffer due to anything which is outside our reasonable control, for example, strikes, industrial action, restrictions imposed by the Government, severe weather or natural disasters, or failure of third party suppliers or equipment.
39. **Law and jurisdiction**
- 39.1 The **agreement** and the **mortgage deed**, as well as all discussions between you and us before the **agreement** and the **mortgage deed** came into force, will be governed by the laws of that part of the United Kingdom where the **property** is situated. The courts of that country will have jurisdiction in relation to any claims or disputes arising under or in relation to the **agreement** and/or the **mortgage deed**, whether these are contractual or non-contractual.
40. **Complaints**
- 40.1 If you wish to make a complaint you may do so in the first instance to us by contacting us on 0344 770 8030 or by email at CustomerRelations@foundationhomeloans.co.uk. If you are unhappy with our response, you can pursue your complaint with the Financial Ombudsman Service which can be contacted by post at Exchange Tower, London E14 9SR, by email at complaint.info@financial-ombudsman.org.uk or by telephone on 0800 023 4 567.

Glossary

The following words in bold have special meanings in these **mortgage conditions**, as follows.

acceptance of offer	The form entitled "Acceptance of Offer" that we may ask you to sign, to indicate your acceptance of the offer .
additional borrowing	Any extra amount we lend to you under a new loan and which is secured on the property .
agreement	The agreement between you and us for the loan . The agreement includes: <ul style="list-style-type: none"> (a) the offer; (b) these mortgage conditions; (c) your mortgage application; (d) your acceptance of offer, if required; (e) the tariff; (f) the mortgage deed (including, if any mortgage deed is a Scottish standard security, the standard conditions that apply to that mortgage deed); (g) any other security that you give us as security for the mortgage debt; and (h) any other document that you and we agree from time to time is to form part of the agreement (for example, if you ask us for consent to do something under the agreement and we give you our consent).
Bank of England base rate	The Bank of England's base rate of interest (or any other interest rate set by a UK-based financial base rate institution which we reasonably select as comparable, in the event that the Bank of England base rate should cease to exist or be published). This is a variable rate.
business day	Any day from Monday to Friday (inclusive), except bank and public holidays in England and Wales.
capital	The money that we can charge interest on under the agreement . This consists of: <ul style="list-style-type: none"> (a) any part of the loan which has not been repaid; and (b) any missed payments (including interest), underpayments, unpaid fees and/or expenses, but only where you agree to these being added, or the law allows us to add these (as explained in condition 9.1).
cleared balance	The actual balance of your mortgage account at any particular time. This does not take account of payments into or out of the mortgage account which are still being processed.
cleared funds	Money which we have received and which is available to be credited to the balance of your mortgage account .
completion	The date on which the loan is sent to you, or your or our legal representative. If the loan is sent in more than instalment, completion is the date on which the first instalment is sent.
expense	Any of the following costs we incur in connection with the agreement , which are not covered by our tariff : <ul style="list-style-type: none"> (a) any costs we reasonably incur in putting right any failure by you to keep to the agreement. Examples include: <ul style="list-style-type: none"> • any insurance premiums we have to pay in order to insure the property, either because you have not done so or because you have allowed your insurance cover to lapse; • our costs in instructing or carrying out any repairs in relation to the property, because you have not kept the property in good retail and condition; • our costs in dealing with any notice you receive in relation to the property such as an enforcement notice, where you have not met the requirements set out in that notice;

	<ul style="list-style-type: none"> any ground rent, service charges, taxes or other costs we pay in relation to the property, which you have failed to pay; <p>(b) any costs we reasonably incur in enforcing our rights under the agreement, including legal fees in obtaining advice from our legal representative and/or in taking legal action; and</p> <p>(c) any administration costs we reasonably incur in doing any work connected with the agreement, including costs arising from finding you and communicating with you, collecting amounts you owe and enforcing the mortgage deed.</p>
fees	Our standard fees as set out in our tariff .
immediate family member	In relation to any person: that person's spouse, civil partner, parent, sibling, child, grandparent, or grandchild, and any other person (whether or not of the opposite sex) whose relationship with that person has the characteristics of a relationship between spouses.
interest rate	The rate or rates of interest which we charge on the mortgage debt . The interest rate may change as explained in the offer or in conditions 12, 13 and 14.
loan	The amount we agree to lend to you in an offer .
mortgage account	The account we keep to record what you owe us under the agreement , the payments you owe us and make to us under the agreement , and any other money we receive to reduce the outstanding balance of the mortgage debt .
mortgage application	The application you make for the loan and any information that you (or someone acting for you) give us in connection with your application.
mortgage conditions	The conditions set out in this booklet (excluding the "Important information – please read this" and "Frequently asked questions" sections and the tariff). References to a condition are to a condition in the mortgage conditions .
mortgage debt	The total amount you owe to us in relation to a loan from time to time. This includes: <ul style="list-style-type: none"> (a) the outstanding balance of the loan; plus (b) any unpaid interest, fees and expenses; plus (c) any other amounts which we are entitled to claim from you under these mortgage conditions.
mortgage deed	The document by which you give us security over the property , and which incorporates these mortgage conditions . If the property is in England or Wales, this document will be a mortgage deed. If the property is in Scotland, this document will be a standard security and it will also incorporate the Standard Conditions set out in the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended by these mortgage conditions .
mortgage term	The period during which you must repay the mortgage debt . The period is set out in the offer , but: <ul style="list-style-type: none"> (a) the period may be shorter if you make a partial early repayment of the mortgage debt and do not ask us to adjust your monthly repayments as a result; or (b) the period may be longer if we agree in writing to a longer period.
offer	The written offer from us to lend the loan to you.
payment day	The day in each month on which you must make a monthly payment. We can change the payment day as explained in condition 10.
property	The property set out in the mortgage deed or any part of it (including fixtures and fittings), and any alterations and additions to it.

standard variable rate	The interest rate described as our standard variable rate on our website. We can change the standard variable rate as explained in condition 13. You can call us to find out what the current standard variable rate is.
tariff	Our tariff of standard fees as published by us from time to time. We can change the tariff under as explained in condition 15. You can check our website to find out what the current tariff is.

The following rules of interpretation also apply:

1. Any reference to a “month” is to a calendar month, and any reference to a “day” is to a calendar day, unless we say otherwise.
2. The singular includes the plural and vice versa, and any reference to one gender includes all other genders.
3. Any reference to a “person” includes an individual or entity.
4. Where we refer to any law, this includes any changes to that law, or any law which replaces it.
5. The headings used in the **mortgage conditions** are for convenience only, and do not affect how the **mortgage conditions** should be interpreted.
6. Where we use words like “includes”, “including” and “for example”, these are for illustration only and do not limit the meaning of the surrounding words.