

# **Legal & General Home Finance**

Residential Mortgage Terms And Conditions 2021

Edition 1



## Contents

<b>A. Introduction</b>	<b>3</b>
<b>B. About your Mortgage</b>	<b>3</b>
1. Interest applicable to your Mortgage	3
2. Your Monthly Payments and other payments to your Account	3
3. Charges you must pay	4
4. Additional borrowing	5
<b>C. What you need to do during the life of your Mortgage</b>	<b>5</b>
5. Your payment obligations	5
6. Your other obligations	5
7. Your obligation to insure the Property	6
8. Environmental Notices	6
<b>D. Changes to your Circumstances</b>	<b>7</b>
9. Moving home	7
10. Moving others into the Property	7
11. Letting the Property	7
12. Selling the Property	7
<b>E. Repaying your Mortgage</b>	<b>7</b>
13. Repaying your Mortgage when a Repayment Event occurs	8
14. How to repay your Mortgage early	8
15. General repayment conditions	8
16. When we can retain or reinstate your Mortgage	8
<b>F. Our powers in connection with your Mortgage and your Property</b>	<b>9</b>
17. Our powers	9
18. Rights of a property receiver appointed by us	10
19. Related Rights	11
20. You appoint us as your attorney	11
<b>G. General Conditions</b>	<b>12</b>
21. When we can sell, transfer or assign your Mortgage to someone else	12
22. Using your information	12
23. Miscellaneous	12
24. Varying the terms of the Mortgage	12
25. Sending notices to you	13
26. Governing law and jurisdiction	13
<b>H. Terms that apply if the property is in Scotland</b>	<b>13</b>
27. Scotland	13
<b>I. Definitions and Interpretation</b>	<b>14</b>
28. Defined terms	14
29. Interpretation of these Conditions	15

## A. Introduction

This document sets out the terms and conditions that apply to **your Mortgage with us**, which is secured on **your Property**.

You should read these **Conditions** together with **your Mortgage Offer**, the **Mortgage Deed** and the **Tariff of Charges**, all of which form part of **your Mortgage with us**.

Should there be any inconsistency between the documents referred to above, **we** will give priority to the terms of the **Mortgage Offer**, then the **Mortgage Deed**, then the **Tariff of Charges** and finally these **Conditions**.

**We** will not provide **you** with any mortgage advice, as part of **your Mortgage with us**. This will be provided to you separately by **your mortgage adviser** (if **you** have one).

### Property in Scotland

If **your Property** is in Scotland, there are some differences and special **Conditions** that **you** need to know about which are set out in **Condition 27**. If **your Property** is not in Scotland, then **you** do not need to consider **Condition 27**.

### Definitions and interpretation

**You** will find several terms in these **Conditions** which are in bold. This indicates that the term is defined in **Condition 28** (unless it is defined in the relevant **Condition** itself) and has the meaning given to it in that **Condition**. **Condition 29** also describes how **we** interpret these **Conditions**.

When **we** refer to “**you**” or “**your**” in these **Conditions**, **we** are referring to all **Borrowers** together (if there is more than one) and each **Borrower** separately. Should **you** die, become bankrupt or become unable to manage **your** affairs, references in these **Conditions** to “**you**” also include **your** legal representatives, as outlined more fully in **Condition 29**.

### Examples, explanations and introductions

**We** know that legal documentation can sometimes be difficult to understand, and **we** have tried to avoid legal language. Sometimes this hasn't been possible and **we** have instead included some examples and explanations to help **you** understand the effect of the **Condition**. **We** have also inserted a short introduction to Sections B to H of these **Conditions**, which summarises what each Section is about.

These examples and explanations and the introductory paragraphs to Sections B to H are clearly indicated by the green box that they appear in. The examples and explanations and the introductory paragraphs are non-exhaustive and illustrative. **We** have included them to make the **Conditions** themselves easier to understand but it is important to remember that they don't tell **you** everything **you** need to know or cover every possible situation. **You** should always read the examples and explanations and the introductory paragraphs in the context of the entire **Condition** and with the rest of these **Conditions**.

If **you** have any doubts or questions about these **Conditions** or any other document given to **you** in connection with **your Mortgage**, **you** should seek independent legal advice.

### Dealing with you and your Mortgage

**We** will comply with the Financial Conduct Authority's rules and guidance, and act honestly, fairly and professionally and have regard to **your** best interests when dealing with **you** and **your Mortgage**.

All communications with **you** in relation to **your Mortgage** will be in English, as will the language of the **Mortgage Deed**.

## B. About your Mortgage

This Section B sets out further detail about your Mortgage and how it operates, in particular in relation to the interest that is payable and the Charges that you may incur. These Conditions supplement the information about your Mortgage in your Mortgage Offer. Please pay close attention to the terms of your Mortgage Offer as the terms of the Mortgage Offer will prevail over these Conditions.

### 1. Interest applicable to your Mortgage

- 1.1 We will charge **you** interest on your **Loan** at the interest rate that is stated in **your Mortgage Offer**.
- 1.2 The **Loan** will bear interest from the day after **Completion**.
- 1.3 **We** will calculate interest daily on the capital balance shown on **your Account** at the end of that day and **we** will enter this interest in **your Account** on a monthly basis on the last day of each month.
- 1.4 Interest is charged on a non-compounding monthly basis which means that interest is charged on all of:
  - (a) the amount of the **Loan**; and
  - (b) any **Charges** that are applied to the **Account** in accordance with **Condition 3**, but not on any outstanding interest.
- 1.5 Interest will continue to accrue on the **Loan** at the **Interest Rate** from when the **Loan** was advanced until the **Amount Owed** is fully repaid. This includes the time from when any **Repayment Event** occurs until the **Amount Owed** is fully repaid. It also includes any period before and, so far as allowed by law, after:
  - (a) any court order **we** obtain requiring payment; or
  - (b) any other action that **we** take when exercising **our** powers in connection with the **Mortgage** and/or the **Property**, until the **Amount Owed** is fully repaid.
- 1.6 For the purpose of calculating interest, each day shall be treated as 1/365th of a year (or 1/366th of a year in any leap year).
- 1.7 **We** may change **our** process relating to how we calculate and charge interest. Any such changes will be made in accordance with the variation procedures set out in **Condition 24**.

### 2. Your Monthly Payments and other payments to your Account

#### Payments you agree to make

- 2.1 **You** agree to pay us:
  - 2.1.1 the **Monthly Payment** on the **Monthly Payment Date** each month; and
  - 2.1.2 the **Amount Owed** in full by the end of the term set out in **your Mortgage Offer**.
- 2.2 **You** agree to make the **Monthly Payments** by direct debit, unless **we** have provided **our** written **consent** that **we** will accept another payment method. **We** may change the method for making **Monthly Payments** at any time by giving **you** not less than 30 days' notice in writing. **We** will only do this if:

- 2.2.1 the existing method has become obsolete; or
- 2.2.2 the changed method will be quicker, cheaper or more reliable than the existing one.

### Your Monthly Payment and Monthly Payment Date

- 2.3 Where the **Mortgage** is an interest-only mortgage, the **Monthly Payment** will only be for the interest and **you** will be responsible for repaying the capital owed at the end of the term.
- 2.4 The interest charged in accordance with **Condition 1** is payable by **your Monthly Payment** which is usually the total annual interest split into 12 equal instalments. **Your first Monthly Payment** may be more or less than **your usual Monthly Payment** amount because, depending on when **your Mortgage** completes, **your first interest charging period** may be longer or shorter than a full calendar month. This may also occur if the **Monthly Payment Date** is changed in accordance with **Condition 2.5**.
- 2.5 **You** may request that the **Monthly Payment Date** be changed to any date between the 1st and 28th of the month, and **we** shall make this change unless **we** are reasonably unable to do so. **We** will only change **your Monthly Payment** date if **we** are reasonably required to do so for a reason set out in **Condition 24.2** and **we** shall give **you** at least 30 days' notice before the next **Monthly Payment** is taken.

### Overpayments and Additional Payments

- 2.6 **Your Mortgage Offer** sets out the ways in which **you** can make payments to **your Account** that are over and above **your Monthly Payments**, including **Overpayments** which are payments that can be made to **your Account** without incurring an **Early Repayment Charge**.
- 2.7 If **you** make a payment to **your Account** in addition to **your Monthly Payment** which exceeds the amount **you** may pay as an **Overpayment**, **you** may be subject to an **Early Repayment Charge**, as described in **your Mortgage Offer**. If **you** have more than one **Account** with **us**, **we** will allocate any payment **you** make (in excess of **your Monthly Payment**) in priority to any **Account** entitling **you** to make an **Overpayment** and paying the highest rate of interest.
- 2.8 If **your Account** is not in arrears, payments in addition to **your Monthly Payment** amount (whether or not they incur an **Early Repayment Charge**) will be applied in the following order when credited to **your Account**:
- 2.8.1 outstanding interest bearing fees, if any; and
- 2.8.2 capital.
- 2.9 If **your Account** is in arrears, payments in addition to **your Monthly Payment** amount (whether or not they incur an **Early Repayment Charge**) will be applied in the following order when credited to **your Account**,
- 2.9.1 outstanding interest bearing fees, if any;
- 2.9.2 arrears; and
- 2.9.3 capital.
- We** reserve the right from time to time or when necessary, for example, clearing the arrears on **your Account**, to recalculate **your** monthly interest payment to ensure that **you** are servicing all the interest accruing on **your Account**. **We** will request **your** written consent if the

change results in an increase to **your Monthly Payment** which is considered material.

## 3. Charges you must pay

### Types of Charges

- 3.1 **Your Mortgage Offer** sets out a number of fees (known as **Charges**) which are part of the cost for **your Loan** and are incurred prior to **Completion**. Separately there are a number of **Charges** which may arise throughout the life of **your Mortgage**.
- 3.2 **We** will tell **you** when **you** have incurred a **Charge**. **You** must pay **us** our **Charges**. Where **we** are able, **we** will set out the amount of the **Charges** in our **Tariff of Charges**. Where **we** are unable to state the amount of the **Charge** in advance (because, for example, **we** incur external costs), **we** will notify **you**, and wherever reasonably practicable, seek **your** agreement before **you** incur the relevant charge.
- 3.3 **We** may apply **Charges** in the operation and administration of **your Account**. The amount of these **Charges** will be set out in our **Tariff of Charges**. Examples include (but are not limited to):
- where **you** ask **us** to provide a document or a service in connection with the **Mortgage**, whether to **you** or anyone else;
  - a change of ownership if **you** wish to add or remove a joint owner;
  - changes affecting legal title to the **Property**;
  - releasing part of our security under the **Mortgage**; and
  - where **you** wish to transfer **your Mortgage** to another property.
- 3.4 **We** may reasonably incur **Charges** in order to safeguard our security, which **you** must repay to **us**. This includes **Charges** **we** reasonably incur because **you** fail to fulfil an obligation **you** have under the **Mortgage**. Where **you** fail to fulfil an obligation under the **Mortgage** and **we** incur **Charges** as a result, **we** will reasonably calculate any **Charges** (in respect of our mortgage lending activities as a whole) payable by **you**.

Examples of circumstances where **we** may incur such **Charges** include (but are not limited to):

- any legal proceedings and any associated costs relating to the **Mortgage**;
  - exercising any of the rights or powers given to **us** by law or the **Mortgage**;
  - recovering any of the **Amount Owed**;
  - doing anything **you** are obliged to do under the **Mortgage** but fail to do (such as insuring or repairing the **Property**);
  - taking action when there is an **Event of Default**; and
  - protecting or preserving our security.
- 3.5 Where **Charges** are incurred because **you** have not complied with the terms of **your Mortgage**, any action taken by **us** or on our behalf to protect our security does not stop **you** being in breach. Similarly, **your** repayment of the **Charge**, or the addition of the **Charge** to the **Amount Owed**, does not stop **you** being in breach.

**Example:** if you fail to insure the property as you are required to do in these Conditions, you will be in breach. We may take action to insure the property on your behalf. The costs of doing so will be Charges. Even though the property will be insured, it does not mean that you are no longer in breach of these Conditions.

### Failure to repay a Charge

- 3.6 If you do not pay a Charge within 10 days of the relevant due date (which we will tell you) then we may at our discretion add the Charge to the Amount Owed on your Account. Where we add Charges to the Amount Owed we will charge interest on them and this interest will form part of your Monthly Payments. Where there is more than one Interest Rate on your Account, we will apply the Charge to the Loan which incurs interest at the lowest Interest Rate (unless the Charge relates specifically to one Loan in particular, in which case we will apply the Charge to that Loan and the Interest Rate applicable to that Loan will apply).

### Changes to Charges

- 3.7 We may introduce any change that abolishes a Charge or reduces the amount of an existing Charge with immediate effect and without giving you advance notice. We may increase or add to the Charges set out in our Tariff of Charges from time to time for any one or more of the following reasons (which may relate to circumstances existing at the time or which we reasonably expect to apply in the future):
- (a) to respond, reasonably, to changes in our costs of funding that impact on the particular product or service we provide to you, including:
    - (i) where we make changes to our technology or other systems relating to the particular product or service we provide to you;
    - (ii) where we are required to meet changes in the law and/or regulatory requirements, or to meet changes in the interpretation of any existing law and/or regulatory requirement; and
    - (iii) where appropriate, where we are required to meet changes in the decisions or recommendations of an ombudsman or regulator, or any code of practice, which is or are applicable to the conduct of our business; and
  - (b) to correct mistakes if it is reasonable to do so.
- 3.8 Unless it is not reasonably practicable for us to do so, where we increase or add to the Charges in the Tariff of Charges, we will give you at least 30 days' written notice of the change to the Charge. We will also ensure that the change is proportionate to the underlying reason for the change. We will provide you with the latest Tariff of Charges at least once a year and it will also be available on our website.
- 3.9 Unless it is not reasonable for us to do so, we will tell you before taking any action which incurs a Charge.

## 4. Additional borrowing

Your Mortgage Offer sets out the circumstances in which you may apply for additional borrowing. Any additional borrowing will be based on our lending criteria at that time. You may not be accepted to take additional

borrowing if you have failed to comply with your obligations regarding your Mortgage. The interest rate which applies to any additional borrowing will be the rate made available to you at the time you apply, and depending upon the prevailing market rates at that time, may be more or less than the interest rate applicable to your existing borrowing.

## C. What you need to do during the life of your Mortgage

This Section C sets out some important responsibilities that you have in relation to your Mortgage. It contains important Conditions relating to the Property. If you do not meet your responsibilities, you will be in breach of these Conditions. It is important that you take the time to understand and become familiar with your responsibilities.

### 5. Your payment obligations

You must pay to us the Amount Owed in the manner and at the time(s) set out in the Mortgage Offer and these Conditions, and in particular Condition 2.

### 6. Your other obligations

#### Things you must do

- 6.1 Throughout the life of your Mortgage you must:

- (a) only use the Property as a private residence and as your main residence. If we ask you to do so, you must promptly confirm to us in writing that this remains the case;
- (b) maintain the Property in a state which we consider is a state of good and substantial repair and condition. We will act reasonably when deciding if the Property is in good and substantial repair and condition. Where the Mortgage Offer includes a requirement that repairs are undertaken or building works are completed before we advance any Loan to you, you must ensure these repairs and/or works are undertaken and completed in accordance with the requirements in the Mortgage Offer;
- (c) observe and perform all legal restrictions, conditions and obligations affecting the Property or its use, including those in any lease relating to the Property;

**Example:** Your Property may be subject to a legal restriction not to build anything in your garden or a condition to maintain a fence in a certain position. Where your property is leasehold, your lease of the property may include restrictions against keeping pets or playing loud music or a condition to ask your landlord for consent before you carry out any works to your property. In each case, you would need to make sure you comply with the legal restriction, condition or obligation. There are other examples which are not included here, and you should consider documents relating to your Property such as your lease together with these Conditions to ensure that you are complying.

- (d) punctually pay all rates, taxes, rents, outgoings and charges payable in respect of the Property;
- (e) comply in all respects with all legislation (including those relating to planning and environmental matters) and all requirements and regulations of local

authorities and any other authorities which apply to the **Property**;

- (f) promptly give **us** any information about the **Property** which **we** may reasonably ask for;
- (g) provide **us** with a copy of any notice, order or proposal concerning the **Property**. **You** must do so within 7 days of receiving it. **We** may ask **you** to respond to it and **you** must make all statements which **we** reasonably ask **you** to make. Unless **we** tell **you** otherwise, **you** must take all reasonable and necessary steps to comply with the notice, order or proposal; and

**Example:** One example of such notice is where you may receive a letter from your local authority informing you of a breach of building regulations in relation to your property or about new road proposals affecting your property.

- (h) where the **Property** is leasehold, inform **us** of any notice served under any of the **Leasehold Reform Acts** in relation to the **Property**. **You** must do so within 4 working days of the notice being served. If **we** request **you** to do so, **you** must also execute in **our** favour a legal mortgage of the freehold, or any superior lease or any new lease, which **you** obtain. The legal mortgage must be in a form that **we** reasonably require.

The **Leasehold Reform Acts** mean the Leasehold Reform Act 1967 and the Leasehold Reform, Housing and Urban Development Act 1993.

**Explanation:** The Leasehold Reform Acts contain rights for tenants of long leases in certain circumstances to obtain an extension to their lease and/or to acquire the freehold. If you exercise any rights under these Acts (for example, by serving a notice on your landlord requesting a lease extension), you must inform **us** about this and inform **us** about correspondence you receive from your landlord. If you acquire the freehold, any superior leasehold title or any new lease, **we** may ask you to sign a new form of legal mortgage in order to protect **our** security interest in the **Property**.

### Things you must not do

- 6.2 Throughout the life of **your Mortgage** you must not do (or allow anyone else to do) any of the following without **our** prior written consent (which **we** will act reasonably in granting or refusing):
- (a) make any structural or material alteration or addition to the **Property**;
  - (b) make any change in the use of the **Property** which would require planning permission or approval under any building regulations;
  - (c) apply for any improvement or similar grant in respect of the **Property**;
  - (d) move out of the **Property** (except as permitted under these **Conditions**);
  - (e) sell or create any lease or tenancy over all or any part of the **Property** (see Section D for more information);

- (f) grant or allow any right over all or any part of the **Property**;
- (g) allow someone to move into the **Property** (see Section D for more information); or
- (h) create or allow to exist any other mortgage, standard security or charge on the **Property** except for the charge created by the **Mortgage Deed**.

## 7. Your obligation to insure the Property

7.1 **You** must keep the **Property** insured throughout the life of **your Mortgage** against all risks against which it is usual to insure properties of a similar type and location. These risks include (but are not limited to) fire, subsidence, flood, escape of water, storm and any other risks as **we** may from time to time reasonably require or agree. **Your Mortgage Offer** may set out additional requirements in this respect, which **you** must comply with.

7.2 It is **your** responsibility to make sure that the amount of insurance and risks covered are adequate. **We** consider that the amount of insurance is adequate if it covers the full reinstatement value of **your Property** or, if it is a higher amount, the market value of **your Property**. When considering if the risks covered by **your** insurance policy are adequate, **we** will take into account the nature and location of **your Property**.

7.3 It is also **your** responsibility to pay the insurance premiums on time. **We** may ask **you** to provide to **us** copies of **your** insurance policy document(s) and/or evidence of **your** premium payments. Where **we** ask **you** to do so, **you** must provide the copies to **us** promptly to demonstrate that **you** have adequate insurance in place.

7.4 If **you** fail to insure the **Property**, or if **you** fail to provide copies of **your** policy document(s) and premium receipts to **us** within a reasonable period of time, **we** may ourselves insure the **Property** and recover all reasonably incurred costs of doing so from **you**. These costs will be **Charges** that **you** must pay, and will be applied in accordance with **Condition 3**.

7.5 **You** will not do, or allow anyone else to do, anything which may make the insurance of the **Property** invalid.

7.6 Subject to the rules of the Financial Conduct Authority, **we** may accept and retain commission or other non-monetary benefits in respect of insurance policies that are put in place through any of **our** agency arrangements.

7.7 **You** must use any monies which become payable under **your** buildings insurance policy to repair or reinstate the **Property**, or if **we** agree to it, the monies must be used to reduce or repay the **Amount Owed**. If there has been significant loss or damage to the **Property**, **we** may instruct **your** insurance company to pay all claims money directly to **us**, but if the claims money is paid to **you**, **you** will hold it on trust for **us**.

## 8. Environmental Notices

8.1 An **Environmental Notice** means any notice in respect of any contamination or pollution issued under any environmental legislation which relates to the **Property** or any neighbouring property.

**Explanation:** an Environmental Notice is likely to be a letter from your local authority or the Environment Agency informing you that they have concerns about contamination in the ground within your property or a neighbouring property.

8.2 Regardless of any other provision in the **Mortgage**:

- (a) **we** are entitled to carry out any works ourselves or require any works to be carried out where such works are required either to comply with an **Environmental Notice** or to remedy any circumstances which could lead to the issue of an **Environmental Notice**;
- (b) **you** will immediately notify **us** if an **Environmental Notice** is issued, or if **you** become aware of any circumstances which may lead to the issue of an **Environmental Notice**. In either case, **you** will provide written details to **us** of the steps **you** intend to take to remedy the circumstances or comply with the **Environmental Notice**;
- (c) **you** will permit **us** to inspect the **Property** at any reasonable time (and, where practicable, upon reasonable prior notice) in connection with an **Environmental Notice** or in circumstances which **we** reasonably consider may lead to the issue of an **Environmental Notice**. The inspection of the **Property** may include taking samples or making trial pits or boreholes; and
- (d) **you** will not create or allow any circumstances which could lead to the issue of an **Environmental Notice**.

## D. Changes to your Circumstances

During the life of your Mortgage, your circumstances may change. This Section D sets out what you must and must not do if you wish to move home, move occupiers into your home, let your home or sell your home. See Section E in relation to repaying your Mortgage.

### 9. Moving home

- 9.1 **Your Mortgage Offer** sets out the circumstances in which **you** may move home and transfer **your Mortgage** to **your** new property.
- 9.2 If **you** are unable to transfer **your Mortgage** to **your** new property (for example, because **your** new property does not satisfy **our** eligibility criteria), the **Amount Owed** must be repaid to **us** upon the sale of the **Property** (as set out in **Condition 13**). The sale of the **Property** may result in **you** having to pay an **Early Repayment Charge**, depending on the circumstances of the sale (see **Condition 14** and **your Mortgage Offer** for more information).

### 10. Moving others into the Property

**Your Mortgage Offer** sets out **our** requirements if **you** intend to allow any person to move into or occupy the **Property**, even if **you** do not intend for that person to be added to the **Mortgage**. **You** must not allow any other person to move into or occupy the **Property** before complying with those requirements.

### 11. Letting the Property

- 11.1 **You** may not without **our** prior written consent:
  - (a) grant or renew (or agree to grant or renew) any lease or tenancy of the **Property** or licence to occupy the

**Property**; or

- (b) part with or share possession of the **Property**.

**We** may impose reasonable conditions upon any consent **we** give.

- 11.2 The statutory power of a mortgagor to lease, agree to lease and accept surrenders of leases will not apply to the **Mortgage**.

**Explanation:** This means that you will need our consent to lease your property.

## 12. Selling the Property

- 12.1 If **you** decide or are required to sell **your Property** during the life of **your Mortgage**, **you** will be responsible for all costs and expenses involved in selling the **Property**.
- 12.2 **You** must give **us** prior written notice of **your** intention to sell the **Property** before putting the **Property** up for sale. **You** must also provide **us** with any information that **we** reasonably require in connection with the sale, including the price at which **you** propose to sell the **Property** (which is referred to in these **Conditions** as the **Proposed Sale Price**). **You** must ensure that vacant possession is given when the sale is completed, meaning all occupants must leave the **Property** by the day of completion of the sale.
- 12.3 Before **you** agree to sell **your Property**, **we** will reasonably estimate in good faith the **Net Sale Proceeds** that will be available on completion of the sale to repay the **Amount Owed** on the basis of the **Proposed Sale Price**.
- 12.4 If **our** estimate indicates the **Net Sale Proceeds** will not be enough to repay the **Amount Owed** **we** may instruct a valuer to value the **Property**. If the valuation indicates a value which is higher than the **Proposed Sale Price**, **we** can insist that the **Property** is sold for no less than this value (the '**Valuation Price**').
- 12.5 If **we** instruct a valuer, the valuer's fees will be **Charges** that **you** must pay, which will be applied in accordance with **Condition 3**.
- 12.6 No sale of the **Property** may occur for less than the **Proposed Sale Price** (or, if there is one, the **Valuation Price**) without **our** prior written consent. **We** will not withhold **our** consent if it is shown to **our** reasonable satisfaction that the sale is at the best price reasonably obtainable. As an alternative to giving consent **we** may purchase the **Property** ourselves at a price equal to the highest genuine offer received.
- 12.7 If **you** sell the **Property** and are required to repay **your Mortgage**, **you** may have to pay an **Early Repayment Charge** depending on the circumstances of the repayment. **Your Mortgage Offer** sets out the details of the **Early Repayment Charge**.

## E. Repaying your Mortgage

Your Mortgage is repayable when you (or, where you are joint borrowers, the last surviving of you) move out of your home into long term care, sell your home or die. Ordinarily, your Property will be sold in order to repay the Mortgage. However, there are other circumstances when your Mortgage must be repaid to us. You may also wish to repay the Mortgage early. This Section E contains Conditions relating to the repayment of your Mortgage debt.

### 13. Repaying your Mortgage when a Repayment Event occurs

#### Repayment Event

13.1 We must be immediately informed if a Repayment Event takes place or any event occurs which is likely to result in a Repayment Event taking place.

A "Repayment Event" means the occurrence of any of the following:

- (a) the death of the borrower (or, if joint borrowers, the last surviving borrower dies);
- (b) the borrower's entry into Long Term Care (or, if joint borrowers, the last surviving borrower goes into Long Term Care);
- (c) the Property is sold;
- (d) the Property is no longer used as your main residence (or, if joint borrowers, the last surviving of you ceases to use the Property as his or her main residence); and
- (e) any Event of Default occurs.

13.2 Where the Repayment Event falls within parts (a) or (b) of Condition 13.1 above, the Amount Owed must be repaid to us within 12 months of the date of that Repayment Event. If you need to sell the Property in order to repay the Amount Owed, you must make reasonable efforts to sell the Property as quickly as you reasonably can after that Repayment Event. If the Amount Owed is not repaid to us within this 12 month period, this will be an Event of Default. We can request earlier repayment from you if in our reasonable opinion the value of the Property is either:

- (a) less than the Amount Owed; or
- (b) likely to be less than the Amount Owed in the 12 month period following the Repayment Event.

If this is the case, we can give you notice to this effect at any time after the Repayment Event, in which case you must repay the Amount Owed to us (adjusted, if applicable, according to Condition 4 and Condition 13.7) immediately following the date we give you that notice or, if a different date is specified in that notice, by the date specified.

13.3 Where the Repayment Event falls within parts (c), (d) or (e) of Condition 13.1 above, the Amount Owed (as adjusted by Conditions 4 and 13.7) must be repaid to us and shall immediately become due and payable.

13.4 Any sale of the Property by you following a Repayment Event must be undertaken in accordance with Condition 12.

13.5 Once the Amount Owed becomes payable, we may exercise certain powers in order to protect our rights and interests. These powers are set out in Section F below.

13.6 Following any Repayment Event, you must continue to comply with the obligations in the Mortgage (including, but not limited to, the requirements set out in Conditions 6 and 7 about what you must and must not do in connection with the Property).

#### Net Sale Proceeds

13.7 If the Net Sale Proceeds from a sale of the Property are less than the Amount Owed we will inform you of the shortfall and you will have to repay the shortfall. This Condition 13.7 only applies if you have complied with:

- (a) the requirements in Condition 12 about selling your Property; and
- (b) the remainder of this Condition 13.

13.8 If any Repayment Event occurs and we reasonably consider that the Net Sale Proceeds will be insufficient to repay the Amount Owed, we may spend such amounts of money as we reasonably see fit to make the Property more marketable. We may also incur independent surveyors' fees on or following the Repayment Event to establish whether insufficient money will arise from the sale of the Property to repay the Amount Owed. All such amounts and fees will be Charges that you must pay, which will be applied in accordance with Condition 3.

13.9 Net Sale Proceeds will be used firstly towards payment of the Amount Owed. Where the Net Sale Proceeds obtained from a sale of the Property exceed the Amount Owed, we will inform you of the surplus amount, which will be reimbursed to you or your legal representative(s) for your benefit or the benefit of your estate or any subsequent chargee (as the case may be).

### 14. How to repay your Mortgage early

14.1 Subject to Condition 15.1 below, you may repay your Mortgage by repaying the Amount Owed early in accordance with the terms of the Mortgage Offer.

14.2 Your Mortgage Offer sets out the details of the Early Repayment Charge which you may have to pay in certain circumstances if you repay your Mortgage early.

### 15. General repayment conditions

15.1 If you choose to repay or must repay the Mortgage, you must at the same time repay every other mortgage, standard security or charge which we then hold from you. Section 93 of the LPA 1925 shall not apply to the Mortgage.

**Explanation:** This means that if you hold more than one mortgage with us you will need to repay all of them at the same time.

15.2 Where you have more than one Loan with us, we will decide which Loan to allocate your payments to.

### 16. When we can retain or reinstate your Mortgage

16.1 Once the Amount Owed is repaid in full to us, we will release the security constituted by the Mortgage, subject to Condition 15.1, Condition 16.2 and Condition 16.3.

16.2 We may retain any security constituted by the Mortgage for a period of up to 3 months after the Amount Owed is repaid and all your obligations and liabilities to us are satisfied or discharged. If during such 3-month period any bankruptcy proceedings are started against you or any bankruptcy order is made against you (or any other person that makes payment of, or discharges, your obligations and liabilities to us), we may retain the security for a further period, as we determine (acting reasonably).

16.3 Any release, discharge or settlement of the Mortgage between you and us shall be conditional upon no payment, disposition or assurance made to us or any security constituted by the Mortgage being declared void, or being set aside or being ordered to be refunded for any reason after we have released the security constituted by the Mortgage. If such condition is not satisfied, we may subsequently enforce this Mortgage as if the release of security had not occurred and any such payment,



disposition or assurance had not been made. **We** may concede or compromise any claim that any such security, disposition, assurance or payment is liable to avoidance or repayment without prejudice to **our** rights under this **Mortgage**.

**Example:** if you become bankrupt shortly after you repay the Mortgage and there is a claim by the trustee in bankruptcy for the amount paid to us to repay the mortgage to be returned to the trustee in bankruptcy (so we would no longer hold the amount paid), we may reinstate our security over the Property and treat the Mortgage as if it had not been repaid.

## F. Our powers in connection with your Mortgage and your Property

This Section F sets out the rights and powers from which we benefit in connection with your Mortgage. It includes additional Related Rights which you assign to us, and the rights and powers of a property receiver that we may appoint in connection with your Mortgage. It also includes our appointment as your attorney (although this is not the same as a lasting power of attorney).

### 17. Our powers

17.1 For the purposes of the **LPA 1925** the mortgage money will be treated as due, and the statutory power of sale (as extended by these **Conditions**) and the other powers contained in section 101 of the **LPA 1925** will arise, one (1) month after the date of **Completion**.

**Explanation:** under legislation, mortgage providers (including us) are given certain powers relating to the mortgage, including the ability to sell the mortgaged property when the mortgage money becomes due.

17.2 The statutory power of sale applies to the **Mortgage** free from the restrictions in section 103 of the **LPA 1925**.

**Explanation:** section 103 of the **LPA 1925** sets out various circumstances when we can exercise the statutory power of sale referred to in Condition 17.1. This Condition 17.2 excludes section 103, meaning we are not restricted to exercising our powers only in those circumstances contained in section 103, but also in other circumstances (but always in accordance with these **Conditions**).

17.3 Regardless of any other provisions of these **Conditions**, the **Amount Owed** shall immediately become due and payable on demand if any **Event of Default** occurs.

17.4 **We** (or a third party acting on **our** behalf) may enter the **Property** to carry out repairs if the **Property** is not being adequately maintained. The **Mortgage Offer** sets out **our** rights in this regard. No exercise of any such right shall make **us** liable as a mortgagee in possession.

**Explanation:** if a mortgage provider takes physical possession of the mortgaged property, it will be known as a "mortgagee in possession", which means the mortgage provider incurs certain liabilities in relation to the mortgaged property. This Condition means that the statutory requirements and liabilities of a "mortgagee in possession" will not apply to us if we carry out repairs if your property is not adequately maintained.

17.5 At any time after the **Amount Owed** has become due and payable **we** may (without previous notice to or agreement from **you**):

- (a) take possession of the **Property**;
- (b) appoint one or more persons to be a receiver of all or any part of the **Property**;

**Explanation:** we can appoint someone (who may be a third party) named a "receiver" to act on our behalf in connection with your Mortgage. If a receiver is appointed, they would have various powers (including those listed in Conditions 17.6 and 18, as well as others), such as the ability to sell the Property and use the proceeds of sale to repay the Mortgage.

- (c) sell the **Property** (whether or not **we** have taken possession); and/or
- (d) exercise all the other powers given to mortgagees by the **LPA 1925**.

17.6 At any time after the **Amount Owed** has become due and payable, **we** or any receiver appointed by **us** may:

- (a) carry out repairs, renewals or improvements to the **Property**;
- (b) carry out any building or development works on the **Property**;
- (c) apply for and obtain any appropriate planning or other consents and approvals in respect of the **Property**; and/or
- (d) exercise the statutory powers of leasing or accepting surrenders of leases without the restrictions imposed by law, including those contained in sections 99 and 100 of the **LPA 1925**,

**Explanation:** These statutory provisions give lenders the right to lease a property of which they have taken possession after the borrower's default if those leases meet certain conditions, for example in relation to their term and the rent. These restrictions are excluded so that if we take possession we can lease the property or to accept a surrender of an existing lease without any restrictions.

in each case, as **we** or the receiver may in **our** or his/her discretion reasonably think fit. No exercise of any such rights shall incur any liability (either to **you** or any other person) or make **us** liable as a mortgagee in possession.

**Explanation:** If we (or a receiver appointed by us) exercise the rights set out in this Condition 17.6, neither of us will be treated as a "mortgagee in possession" and the statutory requirements and liabilities of a "mortgagee in possession" will not apply.

17.7 After taking possession of the **Property** **we** or any receiver appointed by **us** may, as **your** agent and at **your** expense (as a **Charge** which **you** must pay, which will be applied in accordance with **Condition 3**), remove, store, sell or otherwise deal with any goods or animals which **you** have not removed from the **Property**. **We** will not be responsible for any loss caused by **our** so doing. **We** will account to **you** for all proceeds received, either by paying such amount to **you** or setting it off against the **Amount Owed** (at **our** discretion), but **we** will deduct all expenses that **we** reasonably incur in dealing with the goods and/or

animals. If the proceeds received are less than the expenses **we** reasonably incur, the remainder of the expenses will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 3**.

**17.8** If **we**, or a receiver appointed by **us**, enters into possession of the **Property**, **we** or that receiver may at any time give up possession. If **we** decide to give up possession, **we** will tell **you** as soon as possible.

**17.9** Neither **we** nor any receiver shall be liable, upon entering into possession of the **Property** or for any other reason, to account as mortgagee in possession in respect of all or any of the **Property**. Neither **we** nor any receiver shall be liable for any loss on realisation of, or for any act, neglect or default of any nature in connection with, all or any part of the **Property** for which a mortgagee in possession might be liable.

**17.10** No exercise of **our** rights under this **Mortgage** (including where a receiver appointed by **us** exercises those rights) shall make **us** or the receiver liable as a mortgagee in possession in respect of all or any part of the **Property**.

**Explanation:** If **we** (or a third party acting on our behalf) carry out repairs at your property, neither of us will be treated as a "mortgagee in possession" and the statutory requirements and liabilities of a "mortgagee in possession" will not apply.

**17.11** When **we** and any receiver appointed by **us** exercise **our** or his/her powers under this **Mortgage**, **we** may engage and pay third parties to assist **us**. These third parties will be acting on **your** behalf as **your** agents and **you** will be responsible for their fees at such rates as **we** or the receiver may reasonably agree. The remuneration will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 3**. If **we** appoint a third party, **we** may revoke the appointment of that third party at any time, and any receiver may do likewise. **We** will tell **you** if the third party's appointment is revoked.

**17.12** **We** may revalue the **Property** at any time during the lifetime of the **Mortgage**. If it is necessary for the valuer to enter the **Property** to conduct the valuation **we** will give **you** reasonable notice and **you** must permit this. Any revaluation under this **Condition 17.12** shall be at **our** expense.

## **18. Rights of a property receiver appointed by us**

**Explanation:** we can appoint someone (who may be a third party or may be one of our employees) named a "receiver" to act on your behalf in connection with your **Mortgage**. If a receiver is appointed, they would have the same powers as we do. **Condition 18** sets out more information regarding receivers.

**18.1** A receiver appointed by **us** shall have all the powers conferred:

- (a) on mortgagees and/or receivers by the **LPA 1925** (but without the restrictions contained in sections 103 and 109 of that Act); and
- (b) on administrative receivers by the Insolvency Act 1986 Schedule 1,

except to the extent that any of these powers are expressly or impliedly excluded by the **Mortgage Deed** or these **Conditions**. In the event of ambiguity or conflict,

the terms of the **Mortgage Deed** will prevail, followed by these **Conditions**.

**Explanation:** under legislation, mortgage providers (including us) and receivers that we appoint are given certain powers relating to the mortgage, including the ability to sell the mortgaged property when the mortgage money becomes due. This **Condition 18.1** confirms that a receiver that we appoint will be able to exercise those statutory powers, unless these **Conditions** say otherwise.

**18.2** **We** or any receiver appointed by **us** shall also have power on **your** behalf and at **your** expense, and regardless of **your** bankruptcy, death or insanity, to do or omit to do anything which **you** could do or omit to do in relation to the **Property**. This includes (without limitation) a right for **us** and any receiver to:

- (a) take possession of the **Property** and for this purpose to take, defend, discontinue or compromise any proceedings as **we** or they think fit;
- (b) generally manage the **Property** including collecting and receiving rents, arranging necessary repair and maintenance of the **Property**, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances and serving notice under relevant housing legislation;
- (c) without restriction, sell the **Property** (whether or not **we** have taken possession) for a price and on terms as **we** think fit;
- (d) without restriction, lease or sublease (as appropriate) the **Property**, vary, assign, renew, terminate, surrender or accept surrenders of leases, tenancies or licences over the **Property** for a price and on terms and for rent and payment as **we** think fit without the restrictions imposed by law, including those contained in sections 99 and 100 of the **LPA 1925**;
- (e) sell any freehold or leasehold reversions created over the **Property**;
- (f) exercise, on **your** behalf and without having to give **you** prior notice or obtain **your** consent, all the powers and duties conferred on a landlord by law from time to time without having any liabilities or responsibilities to **you** as a result of doing so; and/or
- (g) take and do any other acts and things **we** or the receiver:
  - (i) consider desirable or necessary for protecting **our** security constituted by the **Mortgage** or for realising the value of the **Property** or any part of it;
  - (ii) consider incidental or conducive to any of the rights or powers conferred on a receiver under or by virtue of these **Conditions** or law; or
  - (iii) lawfully may do as **your** agent.

**Example:** The receiver would have power to (amongst other examples above) commence or complete building works at the **Property**, e.g. if the fence in the garden is damaged a receiver would have the power to repair it.

18.3 The receiver may incur costs in exercising his/her rights and powers under the **Mortgage**, and may charge such amount for his/her fees as **we** reasonably agree with him/her. The receiver will be an agent acting on **your** behalf and **you** will be responsible for his/her fees. These costs and fees will be **Charges** that **you** must pay, which will be applied in accordance with **Condition 3**.

18.4 **We** may remove any receiver appointed by **us** at any time. **We** may also appoint a new receiver, either instead of or as well as any existing or former receiver. **We** will give you written notice if **we** do so.

18.5 **We** may appoint any one or more persons to be a receiver of all or any part of the **Property**. If there is more than one receiver appointed by **us** in connection with the **Property**, each receiver may exercise individually all of the powers conferred on a receiver under the **Mortgage** and to the exclusion of the other receiver or receivers (unless the document appointing such receiver states otherwise).

18.6 Any receiver appointed by **us** may be one of **our** employees or may be a third party.

18.7 Section 109(8) of the **LPA 1925** shall be amended so as to allow a receiver to pay any money owing by **you** in such order of priority as he/she thinks fit.

**Explanation:** The receiver can decide to pay his/her fees before repayment of your Mortgage debt should he/she choose to do this.

## 19. Related Rights

**Explanation:** Related Rights are rights that may arise in connection with your Property. One example is where you have any construction work carried out on the Property and the builder gives you a warranty or guarantee in relation to the work. This Condition 19 means that we may benefit from that warranty or guarantee. The list of Related Rights is set out in Condition 19.1 below.

19.1 Related Rights means:

- (a) any option to purchase the freehold or superior leasehold or a new lease of the **Property**;
- (b) any right to acquire further or additional shares or interests in the **Property** which are included in, or otherwise granted to **you** in, a shared ownership lease (or any documentation supplemental to or associated with such lease);
- (c) any right to receive money which becomes payable in respect of the **Property** or following any damage to or depreciation of the **Property**, including money payable for mining subsidence or compulsory purchase;
- (d) any share or membership rights in a residents' association, common hold association or management company relating to the **Property**;
- (e) any guarantees or insurances relating to the **Property** including guarantees for work done to the **Property**; and
- (f) any other benefit or right of any kind relating to the **Property** or its construction or title.

19.2 As further consideration for the **Loan** you assign your rights in and the benefit of the **Related Rights** to **us** and agree that **we** have full power to enter the **Property** and to

exercise and deal with all the **Related Rights** as being absolutely and beneficially entitled to them.

19.3 If **you** receive any money in respect of any **Related Rights** **you** will hold this on trust for **us** to use in accordance with **Condition 19.4** below.

19.4 Any proceeds of the **Related Rights**, after deducting all costs reasonably incurred by **us** in dealing with the **Related Rights**, will be applied in reducing the **Amount Owed**, and any surplus will be paid to **you** or any other person who is entitled to the surplus.

## 20. You appoint us as your attorney

20.1 As security for **your** obligations under the **Mortgage** you irrevocably appoint **us**, and any receiver appointed by **us**, together and individually to be **your** attorney in **your** name and on **your** behalf to do all things set out in **Condition 20.2** below. The attorney will be legally entitled to act on **your** behalf.

**Explanation:** this power of attorney means we (and any receiver we have appointed) are legally entitled to act on your behalf and able to sign documents relating to the Property or the Mortgage on your behalf at any time if we think it is necessary or desirable to protect our interests. This is not a lasting power of attorney. The power of attorney only relates to the matters set out in Condition 20.2 below.

20.2 Under the power of attorney, **we** may execute and deliver any deed or document, exercise any rights or powers which **you** have in respect of the **Property** or the **Related Rights** and do anything else which **we** or the receiver think necessary or desirable to:

- (a) protect **our** security under the **Mortgage**;
- (b) exercise any powers contained in the **Mortgage**; or
- (c) preserve the **Property** or the **Related Rights** (and their value).

**Example:** One example of how we may use the power of attorney is to appoint builders on your behalf if we have concerns that you are not keeping the property in good repair.

20.3 **We** (or a receiver appointed by **us**) may delegate the power of attorney to any third party where reasonably necessary in the exercise of **our** powers.

20.4 **We** and the attorney will not be liable to **you** for anything done when exercising the power of attorney unless it is done negligently.

20.5 **You** will on **our** request:

- (a) sign (or execute and deliver) any document or deed;
- (b) exercise any rights or powers which **you** have in respect of the **Property** or the **Related Rights**; and
- (c) do anything else which **we** or the receiver think necessary or desirable,

in each case in order to:

- (d) protect **our** security under the **Mortgage**;
- (e) exercise any powers contained in the **Mortgage**; and
- (f) preserve the **Property** or the **Related Rights** (and their value).

20.6 The power of attorney will end when **we** release the security constituted by **your Mortgage**. If **we** have to reinstate **our** security in accordance with **Condition 16.3**, the power of attorney will also be reinstated until **we** release the security. **You** will sign (or execute and deliver) any document or deed which **we** reasonably request in order to appoint **us** (and any receiver appointed by **us**) as **your** attorney, on the same terms and conditions set out in this **Condition 20**.

## G. General Conditions

This Section G contains general Conditions relating to your Mortgage, including: (1) our ability to assign our rights under the Mortgage to any third party; (2) our use of information we receive about you; (3) the circumstances in which we may vary the terms of the Mortgage; (4) the law that applies to your Mortgage; and (5) various other miscellaneous Conditions.

### 21. When we can sell, transfer or assign your Mortgage to someone else

21.1 **We** may at any time transfer or assign to any other person the benefit of, and **our** rights under, all or any part of the **Mortgage** and any related security. **We** do not need **your** consent to do so. If **we** do so, **your** rights and obligations under the **Mortgage** will not be affected. **You** must continue to perform **your** obligations under the **Mortgage** as though **you** originally entered into it with the transferee or assignee.

21.2 **We** may release to any actual or potential transferee or assignee (and their advisers) any information **we** hold about **you**, about the conduct of **your Account** and about any related securities. **We** will release this information in accordance with **Condition 22**.

### 22. Using your information

22.1 **We** will decide the purposes for which and the manner in which any personal information **we** obtain relating to **you** is processed. **We** will process all personal data relating to **you** in accordance with **our** privacy policy from time to time relating to the processing of personal data about **you**.

22.2 **We** may give any information and documents concerning the **Mortgage** or **your Account** to any person if:

- (a) **we** are required to do so by law or by any regulatory authority;
- (b) **we** have a public duty to do so;
- (c) it is necessary in order to enforce any provisions of the **Mortgage**;
- (d) **you** ask **us** to give details to another person or agree that **we** can give such details to another person;
- (e) that person takes over, or may be entitled to take over, any of **our** rights under the **Mortgage** or is responsible for the management or administration of the **Account** or the **Mortgage** at any time;
- (f) that person provides services to **us** in connection with **your Account** or the **Mortgage**; or
- (g) **we** think it is necessary or advisable to do so in connection with any transfer, sale or financing arrangement which **we** may enter into or consider in connection with the **Mortgage**.

22.3 **We** will use the information which you give **us**, or which we receive from any enquiries which **you** permit us to make about **you** or which we require to be made, for processing and administering **your Account** or the **Mortgage**, for customer service, market research, statistical analysis, audit and administrative purposes.

22.4 **We** may record telephone calls that **you** make to us for our mutual protection and to improve **our** customer service standards.

### 23. Miscellaneous

23.1 If **we** fail to exercise or delay in exercising any right or power that **we** have in connection with the **Mortgage**, this will not affect **our** ability to later exercise any of **our** rights or powers. If **we** exercise any of **our** rights or powers (in whole or in part), this will not affect **our** ability to exercise them again in the future or to exercise any other right or power.

23.2 If **we** agree with **you** that **we** will not exercise any of **our** rights or powers on a specific occasion, this will not prevent **us** from exercising **our** rights and powers in the future and will not affect the other terms of the **Mortgage**.

23.3 The rights, powers and remedies provided in the **Mortgage** are cumulative and not exclusive of any rights, powers or remedies provided by law.

**Explanation:** Not all our rights and powers under your Mortgage are listed in these Conditions or in the Mortgage Offer. Some are contained in statute and we are able to use all those other rights and powers too.

23.4 Each of the provisions and/or sub-clauses of the **Mortgage** is severable and distinct from the others. If at any time any one or more of such provisions becomes illegal, invalid or unenforceable, this will not impair or affect the legality, validity or enforceability of the remaining provisions.

23.5 Only **you** and **we** may enforce the terms of the **Mortgage**. No provision of the **Mortgage** will be enforceable by a third party under the Contracts (Rights of Third Parties) Act 1999.

### 24. Varying the terms of the Mortgage

24.1 **We** may vary the terms of the **Mortgage** from time to time during the life of the **Mortgage** without **your** consent for the purpose of giving **you** the benefit of enhanced or additional services which become available in connection with the **Mortgage**.

24.2 **We** may also vary the terms of the **Mortgage** from time to time during the life of the **Mortgage** without **your** consent for the purpose of responding reasonably to:

- (a) any change in the law, regulatory requirements or codes of practice which is or are applicable to the conduct of **our** business or the **Mortgage**;
- (b) any new or amended recommendation, requirement or decision by any court, ombudsman, regulator or similar body which is or are applicable to the conduct of **our** business or the **Mortgage**;
- (c) any change to **our** technology or other systems used in connection with the **Mortgage**, including where the change is needed either to improve the operation of those systems or to integrate them with the systems used by another organisation which **we** acquire or by which **we** are acquired; and

- (d) any mistakes which are identified and reasonably require changes or rectification.

24.3 We may also vary the terms of the **Mortgage** from time to time during the life of the **Mortgage** without **your** consent:

- (a) in order to charge interest on a compounding basis (which means that interest will be charged on any outstanding unpaid interest on the amount of your loan);
- (b) for any other reason not specified in these **Conditions** provided any such change is proportionate to the underlying reasons for the change.

24.4 We will give you at least 30 days' written notice in advance of any change we make pursuant to **Conditions** 24.2 and 24.3.

## 25. Sending notices to you

25.1 If we leave or send by prepaid post or by email any written demand or notice addressed to **you** either to the **Property** or any other address or email address that **you** make known to **us**, **you** will be deemed to receive the notice.

25.2 Where we leave any demand or notice at the address referred to in **Condition** 25.1, **you** will be deemed to have received it at the time that we leave it there. Where we send any demand or notice by post to that address or any other nominated address, **you** will be deemed to have received it two business days after posting. Where we send any demand or notice by email, **you** will be deemed to have received it on the date and at the time that we sent it.

**Example:** if we post a notice to you at 1pm on Tuesday, you will be deemed to have received it at 1pm on Thursday.

## 26. Governing law and jurisdiction

26.1 The **Mortgage** and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims and also those relating to any circumstances arising before the signing of the **Mortgage Deed**) will be governed by English Law, unless **Condition** 27 applies.

26.2 The courts of England and Wales will have jurisdiction to settle any such disputes or claims, unless **Condition** 27 applies.

## H. Terms that apply if the property is in Scotland

If the **Property** is in Scotland, your **Mortgage** is governed by the laws of Scotland. This Section H sets out the special **Conditions** that apply to your **Mortgage** if the **Property** is located in Scotland.

### 27. Scotland

27.1 The provisions of this **Condition** 27 apply to the **Mortgage** if the **Property** is located in Scotland.

27.2 In these **Conditions**:

**CFRA 1970** means the Conveyancing and Feudal Reform (Scotland) Act 1970; and

**CFRA Standard Conditions** means the standard conditions set out in schedule 3 to the **CFRA 1970**, which

detail certain obligations you have, and certain rights we have, in relation to the **Property**.

27.3 The third paragraph of section A (Introduction) of these **Conditions** is replaced by the following:

"Should there be any inconsistency between the documents referred to above, we will give priority to the terms of **your Mortgage Offer**, then **your Mortgage Deed**, then the **Tariff of Charges**, these **Conditions** and finally the **CFRA Standard Conditions**."

27.4 **Conditions** 6.1(h), 11.2 and 18 do not apply.

27.5 References in these **Conditions** and the **Mortgage Offer** to "bankruptcy" are replaced with "bankruptcy and/or sequestration"

27.6 **Condition** 17 is replaced by the following:

### 17. Our powers

17.1 Regardless of any other provisions of these **Conditions**, if any **Event of Default** occurs, the **Amount Owed** shall immediately become due and payable on demand and **you** will be in default under the **CFRA 1970**, which would allow **us** to enforce **our** security and exercise the rights available to **us** under the **CFRA 1970**.

17.2 At any time after the **Amount Owed** has become due and payable, we may (without previous notice to **you** or with **your** prior agreement):

- (a) take possession of the **Property**;
- (b) sell the **Property** (whether or not we have taken possession); and/or
- (c) exercise all the other powers given to heritable creditors by the **CFRA 1970**.

**Explanation:** A "heritable creditor" is a legal term for a person who holds a standard security over a property in Scotland. Heritable creditors are granted certain powers by law (including those powers set out below in **Condition** 17.3).

17.3 At any time after the **Amount Owed** has become due and payable, we may if we consider it necessary or desirable, at **your** expense and regardless of **your** bankruptcy, death or insanity and without being treated as a heritable creditor in possession or becoming liable to account as such:

- (a) take any proceedings we think fit in relation to the **Property**;
- (b) generally manage the **Property**, including collecting and receiving rents, carrying out building and development works, arranging necessary repair and maintenance of the **Property**, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances, serving notice under relevant housing legislation and obtaining any appropriate planning or other consents and approvals; and/or
- (c) exercise, on **your** behalf and without having to give **you** prior notice or obtain **your** consent, all the powers and duties conferred on a landlord by law from time to time in force (including the power to grant, vary,

assign review, terminate, surrender or accept surrenders of leases, tenancies or licences over the **Property** so far as permitted by the **CFRA 1970**) without having any liabilities or responsibilities to **you** as a result of doing so,

in each case, as **we** in **our** discretion reasonably think fit. Any costs we incur will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 3**.

**Explanation:** if a mortgage provider takes physical possession of the mortgaged property, it will be known as a "heritable creditor in possession", which means the mortgage provider incurs certain liabilities in relation to the mortgaged property. If we exercise the rights set out in this Condition 17.3, we will not be treated as a "heritable creditor in possession". This means the statutory requirements and liabilities of a "heritable creditor in possession" will not apply.

- 17.4 After taking possession of the **Property** we may, as **your** agent and at **your** expense (as a **Charge**, which will be applied in accordance with **Condition 3**), remove, store, sell or otherwise deal with any goods or animals which **you** have not removed from the **Property**. **We** will not be responsible for any loss caused by **our** so doing. **We** will account to **you** for all proceeds received, either by paying such amount to **you** or setting it off against the **Amount Owed** (at **our** discretion), but **we** will deduct all expenses that **we** reasonably incur in dealing with the goods and/or animals. If the proceeds received are less than the expenses **we** reasonably incur, the remainder of the expenses will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 3**.
- 17.5 When **we** exercise **our** powers under **your Mortgage**, **we** may engage and pay third parties to assist **us**. These third parties will be acting on **your** behalf as **your** agents and **you** will be responsible for their fees at such rates as **we** may reasonably agree. The remuneration will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 3**. If **we** appoint a third party, **we** may revoke the appointment of that third party at any time. **We** will tell **you** if the third party's appointment is revoked."

27.7 References to a 'receiver' in **Condition 20** do not apply.

27.8 In **Condition 19.2** the words 'by signing the Mortgage Deed' will be added before the words 'you assign'.

27.9 **Condition 26** is replaced by the following:

## 26. Governing law and jurisdiction

26.1 The **Mortgage** and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims and also those relating to any circumstances arising before the signing of the **Standard Security**) will be governed by Scots law.

26.2 The courts of Scotland will have jurisdiction to settle any such disputes or claims."

27.10 Any other references in these **Conditions** to any word, expression or practice under English law are references to the equivalent or nearest equivalent word, expression or practice under Scots law.

27.11 In interpreting the **CFRA Standard Conditions** 'the creditor' means 'we', 'us' or 'our' (as appropriate) and 'the debtor' means 'you', 'your' or 'yours' (as appropriate).

## I. Definitions and Interpretation

### 28. Defined terms

Terms that are in bold in these **Conditions** have the following meanings:

**Account** means the account **we** maintain recording the **Amount Owed**;

**Amount Owed** means all monies (including any **Loan**, any outstanding **Monthly Payments**, any unpaid **Charges** (including any **Charges** added in accordance with **Condition 3.6**)) which **you** owe **us** at any time on the security of the **Mortgage**;

**Borrower, you** and **your** means the person(s) named as borrowers in the **Mortgage** and includes all persons claiming any right or interest from or to **you** (including your successors, personal representatives and executors of your estate);

**CFRA 1970** has the meaning set out in **Condition 27.2**;

**CFRA Standard Conditions** has the meaning set out in **Condition 27.2**;

**Charge(s)** means all fees and expenses which we apply (acting reasonably) in connection with the **Loan** and the **Mortgage**;

**Completion** means the date on which **we** first advance money under a **Loan** to **you** as confirmed to **you** in your **Completion Letter**;

**Completion Letter** means the letter **we** will send to **you** to confirm that **your Mortgage** has completed.

**Conditions** means these terms and conditions (including the introduction in Section A);

**Early Repayment Charge** means the early repayment charge set out in the **Mortgage Offer**;

**ESIS** means the European Standardised Information Sheet;

**Event of Default** means any of the following circumstances:

- (a) the **Amount Owed** is not repaid to **us** following a **Repayment Event** in accordance with the terms of **Condition 13.2**;
- (b) **you** are more than one month late in payment of any **Monthly Payment** or any other sum is not paid when due, unless **we** have agreed otherwise;
- (c) compulsory purchase or requisition of all or any part of the **Property**;
- (d) material false information or material omission in information given to **us**, including fraud or money laundering;

- (e) the **Property** being used other than solely as a private residence;
- (f) if **you** are or become bankrupt or enter into any composition or arrangement with **your** creditors, or **you** have been found by a court of competent authority to have been engaged in criminal activity; or
- (g) **you** are in material breach of **your** obligations under these **Conditions** or the **Mortgage Offer** and either **you** have not remedied such breach within any reasonable period **we** specify or the breach cannot be remedied;

**Interest Rate** means the rate or rates of interest which apply for the time being to the **Amount Owed** or any part of the **Amount Owed** as set out in the **Mortgage Offer**;

**Loan** means each and every sum which **we** lend **you** on the security of the **Mortgage** (including each and every additional borrowing **you** apply for and **we** agree (if any));

**Long Term Care** means care or supervision which **you** require and which:

- (h) requires **you** to be absent from the **Property** for any period totalling 90 days or more in any period of 180 consecutive days; and
- (i) is necessitated by or attributable to **your** physical or mental incapacity or impairment.

A certificate signed by a medical practitioner certifying the above will (in the absence of obvious error) be conclusive evidence of this;

**LPA 1925** means the Law of Property Act 1925;

**Monthly Payment** means the monthly interest payment you must pay to us as set out in the **Mortgage Offer** calculated in accordance with **Condition 1**;

**Monthly Payment Date** means the payment date each month on which **you** must pay **your Monthly Payments** as confirmed to **you** by **us** in your **Completion Letter**;

**Mortgage** means the agreement for **your Loan** which is comprised of the **Mortgage Offer**, the **Mortgage Deed**, the **Tariff of Charges** and these **Conditions** (and, if the **Property** is located in Scotland, the **CFRA Standard Conditions**);

**Mortgage Deed** means the mortgage deed (or, if the **Property** is in Scotland, the **Standard Security**) signed by **you** which incorporates these **Conditions**;

**Mortgage Offer** means the document named "Mortgage Offer" that **we** have given to **you**, containing **our** written offer and setting out the particular terms and conditions and which incorporates these **Conditions** on which **we** will make a **Loan** to **you**;

**Net Sale Proceeds** means the net sale proceeds that will be available on completion of the sale of the **Property**, after deducting all reasonable costs of sale, such as legal fees and estate agent fees;

**Overpayment** means a payment made by **you** to **us** in addition to any **Monthly Payment**, in accordance with **your Mortgage Offer**, which can be made without incurring an **Early Repayment Charge**;

**Property** means the property described in the **Mortgage** and includes each and every part of such property and all

fixtures and fittings;

**Proposed Sale Price** has the meaning set out in **Condition 12.2**;

**Related Rights** has the meaning set out in **Condition 19**;

**Repayment Event** has the meaning set out in **Condition 13.1**;

**Standard Security** means a standard security in accordance with the terms of the **CFRA 1970** over the **Property**;

**Tariff of Charges** means **our** tariff of charges which sets out **our** standard fees and charges as in effect from time to time;

**Valuation Price** has the meaning set out in **Condition 12.4**; and

**we, our and us** means Legal & General Home Finance Limited and includes **our** successors, assigns and transferees whether legal or equitable and whether in relation to all or part of the **Amount Owed**, and may at any time mean more than one of them.

## 29. Interpretation of these Conditions

- 29.1 Any reference to a "month" and "monthly" means a calendar month.
- 29.2 Any reference to "**you**" includes **your** legal representatives should **you** die, become bankrupt or become unable to manage **your** affairs.
- 29.3 Where there is more than one **Borrower**:
  - (a) "**you**" and "**your**" refer to both of **you** together and each of **you** separately;
  - (b) if either of **you** dies, becomes bankrupt or becomes unable to manage your affairs this will not affect the liability of the other one of **you**; and
  - (c) **your** liability to **us** is both joint and several which means that **we** can enforce the **Mortgage** against any or both of **you** for the **Amount Owed**.
- 29.4 Any reference to any provision of any law includes that provision as updated or altered at any time.
- 29.5 References to any document include all variations, replacements and amendments to that document.
- 29.6 Any phrase introduced by the terms "including", "include", "in particular" or a similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 29.7 Any reference to these **Conditions** or to any other document is a reference to these **Conditions** or to that other document as validly amended, varied, supplemented, restated or novated (in each case, other than in breach of the provisions of these **Conditions**) at any time.

**Legal & General Home Finance Limited** is a wholly owned subsidiary of Legal & General Group plc.  
Registered in England and Wales number 04896447.

**Registered office:** One Coleman Street, London EC2R 5AA

Legal & General Home Finance Limited is authorised and regulated by the Financial Conduct Authority.