



# **SKIPTON INTERNATIONAL**

## **Mortgage Conditions (England & Wales)**

**March 2020**

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## Important – Please read

This document contains legal terms which apply to your mortgage. Other terms which apply to your mortgage are set out in the application form, the offer document, the mortgage deed and any other agreement you make with us which relates to your mortgage. It is important that you read each document containing terms which apply to your mortgage and make sure that you understand them. Ask your legal adviser to explain those terms before you proceed with your mortgage.

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## 1 Understanding these Conditions

- 1.1 We are Skipton International Limited. References to us in these Conditions include:
- (a) our successors, transferees and assigns (whether legal or equitable, and whether in relation to all or part of the **Mortgage Debt**);
  - (b) and may at any time mean more than one of them.
- 1.2 References to you in these Conditions are to the person(s) named as the Borrower(s) in the **Mortgage** and their successor(s) in title.
- 1.3 If there is more than one of you, these Conditions apply to all of you together and to each of you on your own. This means that we can hold each of you fully liable for the **Mortgage Debt**.
- 1.4 In these Conditions:

**Charges** means all those fees and charges whose amounts are specified in our **Mortgage Tariff of Charges**; and any early repayment charge specified in your **Offer Document**.

**Energy Performance Certificate** means a certificate which is compliant with The Energy Performance of Buildings (England and Wales) Regulations 2012.

**Environment Acts** means the Environmental Protection Act 1990 and the Environment Act 1995.

**Environmental Notice** means any notice issued under sections 78A to 78YC of the Environmental Protection Act 1990 or section 161A of the Water Resources Act 1991 in respect of contamination or pollution relating to the Property or any neighbouring property.

**Expenses** means expenses and costs (including our internal costs and costs we have to pay to a third party such as legal costs) which we incur in connection with the following activities and are not covered by our **Charges**:

- (a) the negotiation, preparation and completion of the **Loan**;
- (b) creating, protecting or preserving our security for the **Loan**;
- (c) administering your **Mortgage Account**;
- (d) dealing with any request you make of us in connection with the **Mortgage Documents**;

- (e) insuring the **Property**;
- (f) carrying out acts relating to the **Property** under the **Planning Acts** or the **Environment Acts**;
- (g) exercising and enforcing our rights, powers and remedies under the **Mortgage Documents** or the law;
- (h) recovering the **Mortgage Debt**;
- (i) bringing or defending legal proceedings relating to the **Mortgage Documents** (whether or not you are a party to those proceedings);
- (j) dealing with the final repayment of the **Mortgage Debt** and the discharge of the **Mortgage**;
- (k) releasing the **Property** or the **Related Rights** from our security; and
- (l) releasing any title deeds relating to the **Property** or the **Mortgage**.

**Green Deal** means the Government scheme for improving energy efficiency of buildings and any successor to that scheme.

**Interest Rate** means the rate or rates of interest which the **Offer Document** says apply to the **Mortgage Debt**, as changed from time to time in accordance with the terms of the **Offer Document** and/or Condition 7.

**Loan** means any money lent to you by us which is secured by the **Mortgage** (including any additional borrowing or borrow back).

**Monthly Payment** means the monthly payment the **Offer Document** says you are to pay or any changed monthly payment which you are required to pay under Condition 5.3.

**Mortgage** means any mortgage deed or legal charge these Conditions apply to.

**Mortgage Account** means the account we maintain which records debits and credits to the **Mortgage Debt** made from time to time.

**Mortgage Debt** means all the money you owe us from time to time under the **Mortgage Documents**, including:

- (a) any parts of the **Loan** which are unpaid;
- (b) any interest which has been debited to the **Mortgage Account** but remains unpaid; and
- (c) any other sum which has been debited to the **Mortgage Account** but remains unpaid, such as **Charges, Expenses** or an early repayment charge which is due.

**Mortgage Documents** means the **Mortgage** and these Conditions.

<b>Mortgage Tariff of Charges</b>	means the tariff of charges which applies to your <b>Mortgage Account</b> , as changed from time to time under Condition 9. The <b>Mortgage Tariff of Charges</b> sets out the amount of the <b>Charges</b> and also contains some information about early repayment charges. You can find out about our current <b>Mortgage Tariff of Charges</b> at any time by contacting us by telephone or looking on our website.
<b>Offer Document</b>	means: <ul style="list-style-type: none"> <li>(a) the written offer by which we offered to make the <b>Loan</b> to you (as amended, if at all, before making the <b>Loan</b>);</li> <li>(b) and includes any written offer of additional borrowing or variation secured by the <b>Mortgage</b> which you have taken up.</li> </ul>
<b>Planning Acts</b>	means the Building Act 1984, the Town and Country Planning Act 1990, the Planning (Listed Building and Conservation Areas) Act 1990 and the Planning (Consequential Provisions) Act 1990.
<b>Property</b>	means all or part of the property described in the <b>Mortgage</b> (including all buildings, fixtures and additions).
<b>Related Rights</b>	means the following rights relating to the <b>Property</b> , whether arising by agreement, or under the common law or statute: <ul style="list-style-type: none"> <li>(a) any right or option to purchase the freehold or superior leasehold (whether alone or jointly with others);</li> <li>(b) any right or option to obtain a new or extended lease;</li> <li>(c) any proceeds of sale, letting or other disposition;</li> <li>(d) any guarantees, insurance or compensation;</li> <li>(e) any share or membership rights in a residents association or management company; and</li> <li>(f) any other benefit, right, remedy or option of any kind relating to the <b>Property</b>, the way it is built, the materials it is made of, its condition or use, or its title (including any right or remedy which arises from damage to it or a fall in its value).</li> </ul>
<b>Repayment Strategy</b>	means any method (other than making the <b>Monthly Payment</b> to us) which you have agreed with us for repaying the whole or any part of the <b>Loan</b> by the end of the <b>Term</b> , including endowment policies, personal equity plans and individual savings accounts.
<b>Term</b>	means the term for repayment of the <b>Loan</b> specified in the <b>Offer Document</b> (or such other <b>Term</b> as we agree with you).

1.5 In these Conditions:

- (a) the singular includes the plural and the other way round;
- (b) references to days are to calendar days and references to months are to calendar months;

- (c) references to any Act of Parliament include:
  - (i) any changes to, or replacement of, that Act or its provisions; and
  - (ii) any rules, regulations and orders made under that Act;
- (d) headings are inserted for convenience only and have no legal effect; and
- (e) words which are defined by Condition 1.4 are printed throughout in bold type.

1.6 If any of their terms are inconsistent:

- (a) the **Offer Document** will prevail over the **Mortgage**, and these Conditions; and
- (b) the **Mortgage** will prevail over these Conditions.

## 2 Our security

2.1 The **Mortgage** secures:

- (a) the **Mortgage Debt**; and
- (b) any other sums you owe us which you agree with us are to be secured by the **Mortgage**.

2.2 In addition:

- (a) So far as you are able, you assign the **Related Rights** to us as further security for the money secured by the **Mortgage**.
- (b) You will hold any money you receive under any of the **Related Rights** on trust for us.
- (c) Any money received by you or us in respect of the **Related Rights** must be used to reduce the money secured by the **Mortgage**, unless we agree otherwise.
- (d) When the money secured by the **Mortgage** is paid in full, we will re-assign any remaining **Related Rights** to the person entitled to them at their request.

2.3 As regards documents relating to the **Property** or the **Mortgage**:

- (a) You must give us all such documents as we reasonably request and we will be entitled to keep them until the **Mortgage Debt** is paid in full.
- (b) You may ask us to produce those documents we hold for examination or to supply extracts from or copies of them. Where you do so, you must pay any **Expenses** or **Charges** which apply.
- (c) Where we hold documents which we have not asked you to give us, you may have to pay **Expenses** or **Charges** in respect of the costs of storing those documents.

2.4 Our security for the money secured by the **Mortgage** includes any new or extended lease of the **Property** acquired by you and any interest in the freehold of the **Property** acquired by you. If you acquire any such interest, you must grant us a legal mortgage over that interest in such form as we reasonably require within one month of the completion of your acquisition.

2.5 We shall be entitled at any time to consolidate (combine) this **Mortgage** with any other security which we have or at any time hold for other debt you owe us (notwithstanding that you have not failed to meet your obligations under the **Mortgage** or in connection with any

other security). This means that we can insist that both the **Mortgage** and the other security must be redeemed at the same time, and we can refuse to accept repayment of one alone. Section 93(1) of the Law of Property Act 1925 (which if not excluded would prevent such consolidation) shall also not apply.

### 3 Your obligation to pay the Mortgage Debt

- 3.1 You must pay us the **Monthly Payment** until you have paid the **Mortgage Debt**.
- 3.2 You must pay us the following sums when they are debited to your **Mortgage Account**:
- (a) all **Expenses, Charges** or other sums (other than the **Loan** or interest on the **Loan**) debited to the **Mortgage Account** by us; and
  - (b) any interest which we charge on those **Expenses, Charges** or other sums.
- 3.3 Where Conditions 3.3(a) or 3.3(b) apply, you must pay us the remainder of the **Mortgage Debt**.
- (a) We release the **Mortgage** for any reason before you have paid the **Mortgage Debt** in full.
  - (b) The net proceeds of a sale of the **Property** or other realisation of our security for the **Mortgage Debt** are insufficient to pay off the **Mortgage Debt**.
- 3.4 Condition 3.3 applies even if we incorrectly give a receipt when the **Mortgage** is released which states that the **Mortgage Debt** has been paid in full. This Condition 3.4 does not stop you making any claim you may have against us arising from us giving you incorrect information.
- 3.5 Where you do not pay a part of the **Mortgage Debt** which is due and you hold money in a savings account held by us, we may use the money in your savings account to pay off or reduce the part of the **Mortgage Debt** which is due. We will give you written notice at least 28 days before we do this.
- 3.6 We may exercise our right under Condition 3.5 in respect of a joint savings account where all joint account holders are liable for the **Mortgage Debt**. We will not exercise our right under Condition 3.5 in respect of a joint savings account where not all joint account holders are liable for the **Mortgage Debt**.
- 3.7 At any time after a date one month from the date of the **Mortgage** we may give you three months' written notice requiring repayment of the **Mortgage Debt** for any one or more of the following reasons:
- (a) you are in breach of particular obligations relating to the **Property** and you have failed to remedy that breach within a reasonable period of time after we have asked you to do so; or
  - (b) you obtained the **Mortgage** as a result of fraud; or
  - (c) you took out a **Mortgage** as joint borrowers, and both or all of you die.

And you will repay the **Mortgage Debt** on the date on which the notice mentioned above expires with interest at the Interest Rate until payment.

### 4 Repayment strategies for interest-only Mortgages

- 4.1 We will suspend repayment of the **Loan** by monthly payments in respect of any amount which we have agreed with you is to be covered by a **Repayment Strategy**.

- 4.2 If repayment of the **Loan** by monthly payments is suspended under Condition 4.1, you must pay such **Monthly Payments** as are required to cover those parts of the **Mortgage Debt** which we have not agreed are to be covered by a **Repayment Strategy**.
- 4.3 The proceeds from the **Repayment Strategy** must be applied to the **Mortgage Debt**.
- 4.4 It is your responsibility to make sure the proceeds from any **Repayment Strategy** are sufficient to cover the amount we have agreed with you is to be covered by a **Repayment Strategy**.
- 4.5 If any **Repayment Strategy** has been effected through us, any commission or other benefit paid to us shall belong to us and we shall not be obliged to pay this to you.

## 5 Payments

- 5.1 You must pay the **Monthly Payment**:
- (a) on or before the date you are required to do so by the **Offer Document** or such other date as we agree with you from time to time;
  - (b) by direct debit or such other method as we agree with you from time to time;
  - (c) in pounds sterling.
- 5.2 All payments sent to us by post must be sent to our Principal Office at Tudor House Le Bordage, St. Peter Port, Guernsey GY1 6DS or such other address as we notify to you.
- 5.3 We may (but we are not obliged to) change the amount of the **Monthly Payment** for any one or more of the following reasons:
- (a) to reflect a change in the **Interest Rate**;
  - (b) to reflect partial repayment of the **Loan**;
  - (c) to provide for repayment of any additional borrowing we provide to you which is secured by the **Mortgage**;
  - (d) to provide for repayment of any **Expenses, Charges**, interest or other sums which are debited to the **Mortgage Account**;
  - (e) to reflect any change in the **Term**;
  - (f) to reflect any change in the repayment type of your **Mortgage Account** (such as a change from interest-only to capital and interest or the other way round, or a change to part capital and interest and part interest-only);
  - (g) to provide for any other matter to make sure the **Mortgage Debt** is paid by the end of the **Term**.
- 5.4 We will give you prior written notice of any change made under Condition 5.3.
- 5.5 You will not withhold any **Monthly Payment** by reason of any set-off or counterclaim, if you consider you have a claim against us.
- 5.6 If you fail to pay one or more **Monthly Payments**, we will charge you an arrears charge for each month that any consequent arrears equal to or exceeding one **Monthly Payment** remain outstanding. Condition 8 applies to such arrears charges.



- 5.7 The sums representing any **Monthly Payment(s)** left (partly or fully) due and unpaid will form part of the **Mortgage Debt**. We will not, unless expressly agreed with you, change the amount of your **Monthly Payment** under Condition 5.3 to cover repayment of those sums. You must ensure they are separately repaid in full.

## 6 Interest

- 6.1 We will charge interest on the **Mortgage Debt** at the **Interest Rate** from the day the **Loan** is advanced to you until the **Mortgage Debt** is paid in full. We will charge interest under this Condition 6.1:

- (a) before and after any court order requiring you to pay the **Mortgage Debt** to us; and
- (b) before and after the end of the **Term**.

- 6.2 The following terms apply to how we calculate, charge and debit interest:

- (a) The interest we charge for each month:
  - (i) will be calculated and charged daily on a sum equal to the **Mortgage Debt** on the day the **Loan** is advanced to you in the first month and, for each month thereafter, on a sum equal to the **Mortgage Debt** on the last day of the previous month; and
  - (ii) will be debited to your **Mortgage Account** in advance on the day the **Loan** is advanced to you in the first month and on the first day of each month thereafter.
- (b) Where you do not make your **Monthly Payment** on the day interest for that month is debited to your **Mortgage Account** under Condition 6.2(a), we will charge you additional interest for that month on top of that provided for in Condition 6.2(a). That additional interest:
  - (i) will be calculated and charged daily on the interest debited to your **Mortgage Account** under Condition 6.2(a)(ii) until the date that interest is paid or the last day of the month (whichever is earlier); and
  - (ii) will be debited to your **Mortgage Account** on the date that interest is paid or the last day of the month (whichever is earlier).
- (c) Where an **Expense, Charge** or other additional sum (other than interest) is debited to your **Mortgage Account**, we will charge you additional interest for the month in which it is debited on top of that provided for in Condition 6.2(a). That additional interest:
  - (i) will be calculated on that additional sum from the date on which it is debited until the date it is paid or the last day of the month (whichever is earlier); and
  - (ii) will be debited to your **Mortgage Account** on the date that **Expense, Charge** or other additional sum is paid or the last day of the month (whichever is earlier).
- (d) The 29 February in any leap year will be excluded in the charging and calculation of interest.

- 6.3 As a result of Condition 6.2

- (a) where you do not immediately pay interest, **Charges, Expenses** or other sums which are debited to your **Mortgage Account**, you will be charged interest on them until they are paid off; and

- (b) where you do not make your **Monthly Payment** in full, you will be charged interest on the sums left due and unpaid (part of which will be unpaid interest).
- 6.4 We may change the way we calculate, charge and debit interest to your **Mortgage Account** for any one or more of the following reasons:
- (a) to enable us to respond proportionately to a change in the law, or a decision by a court, regulator or the Channel Islands Financial Ombudsman;
  - (b) to enable us to meet regulatory requirements;
  - (c) to reflect new or changed industry guidance or codes of practice which raise standards of consumer protection.
- 6.5 We will give you prior written notice of any change made under Condition 6.4.
- 6.6 Nothing in Condition 6.4 enables us to change any aspect of the way we charge, calculate or debit interest which is expressly provided for in the **Offer Document**.

## **7 Changes to the interest rate**

- 7.1 This Condition 7 applies where the **Offer Document** provides that the **Interest Rate** is, or is calculated by reference to, a variable interest rate which we control.
- 7.2 We may reduce the interest rate we control at any time without notice to you.
- 7.3 We may increase the interest rate we control for any one or more of the following reasons:
- (a) to enable us to respond proportionately to changes in the Official Bank Rate set by the Bank of England (or if that rate ceases to exist, the nearest equivalent interest rate set by the Bank of England or the Bank of England's successor);
  - (b) to enable us to respond proportionately to a change in the costs we reasonably incur which are associated with providing mortgages to our customers;
  - (c) to enable us to respond proportionately to a change in the law, or a decision by a court, regulator or the Channel Islands Financial Ombudsman;
  - (d) to enable us to meet regulatory requirements;
  - (e) to reflect new or changed industry guidance, codes or practice which raise standards of consumer protection.
- 7.4 We may also increase the interest rate we control for any one or more of the following reasons:
- (a) to enable us to respond proportionately to reasonably expected changes in the cost of the funds we use in our mortgage lending business;
  - (b) to enable us to take proportionate steps to ensure that we comply with any legal obligations, or rules, guidance, decisions or recommendations of regulators, which are intended to promote the safety and soundness of our business;
  - (c) where, in our reasonable opinion, the change is required to maintain our financial strength;
  - (d) to enable us to maintain the competitiveness of interest rates paid to our investors or the providers of funds to us, while having regard to the interest of our borrowers and our business as a whole

- (e) to enable us to harmonise, in a reasonable manner, the interest rates being paid by our borrowers following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider;
- (f) to correct mistakes, where it is reasonable to do so;
- (g) to reflect, in a proportionate manner, the following risks arising from an authorised or unauthorised lease or change in use of the **Property**:
  - (i) an increased risk of damage to the **Property**; and/or
  - (ii) an increased risk of you not repaying the **Mortgage Debt** in full and on time.

7.5 We may also increase the interest rate we control for any valid reason (other than a valid reason mentioned in Condition 7.3. or Condition 7.4) where we reasonably believe the change is appropriate. If we do so:

- (a) you may within three months of receiving notice of the change, repay the **Mortgage Debt** in full without having to pay any early repayment charge, provided you give us written notice of your intention to redeem within one month of receiving our notice under Condition 7.6; and
- (b) we will tell you this and that we are increasing the interest rate in accordance with this Condition 7.5 when we give you notice.

7.6 We will give you prior written notice of a change made under Condition 7.3, Condition 7.4, or Condition 7.5.

## 8 Charges and Expenses

8.1 Where our **Expenses** relate to our internal costs:

- (a) the amount of those **Expenses** will be equal to our reasonable calculation of the average internal costs we incur in carrying out the activity those **Expenses** relate to; and
- (b) those **Expenses** may include an allowance to reflect a reasonable share of our overheads in providing and maintaining any accommodation, systems, facilities and resources which are used partly for carrying out that activity and partly for other purposes.

8.2 You will be liable for our **Charges** and **Expenses** in full provided we act reasonably in incurring them and they are reasonable in amount.

8.3 Where a **Charge** or **Expense** is incurred we will debit it to your **Mortgage Account** and charge interest on it at the **Interest Rate** until payment.

8.4 Where you become liable for a **Charge**, we will give you written notice of the **Charge** and its amount as soon as reasonably practicable after we have debited it to your **Mortgage Account**.

8.5 Where you become liable for an **Expense**, we will give you prior written notice of the **Expense** and its amount before we debit it to your **Mortgage Account**.

## 9 Changes to Charges

9.1 We may change our **Charges** (including increasing the amount of our **Charges** and introducing new **Charges**) for any one or more of the following reasons:

- (a) to enable us to respond proportionately to a change in the costs we reasonably incur in carrying out the activity a **Charge** relates to;
- (b) to enable us to respond proportionately to a change in tax rates;
- (c) to enable us to respond proportionately to a change in the law, or a decision by a court, regulator or the Channel Islands Financial Ombudsman;
- (d) to enable us to meet regulatory requirements;
- (e) to enable us to recover costs we reasonably incur in providing a service or facility relating to the **Mortgage** which is new or which we previously provided without charge;
- (f) to reflect new or changed industry guidance, codes or practice which raise standards of consumer protection.

9.2 We will give you prior written notice of any change made under Condition 9.1

9.3 We may also reduce or abolish a **Charge**, if we have a valid reason. Where we do this, we will give you written notice of the change within one month of it being made.

## 10 Early repayment

10.1 You may repay the **Mortgage Debt** in full before the end of the **Term** in accordance with this Condition 10. Where you wish to do this:

- (a) You must give us notice that you wish to repay the **Mortgage Debt** in full early.
- (b) We will then send you a redemption statement and in order to secure the release of the **Mortgage** you will have to pay us the amount specified in that statement on or before the date specified in that statement.

10.2 Where you repay the **Mortgage Debt** in full before the end of the **Term**, the following terms will also apply:

- (a) You may have to pay an early repayment charge. Your **Offer Document** will contain details of any early repayment charges which apply to your **Mortgage Account**.
- (b) You will have to pay any other **Charges** which apply, as set out in the **Mortgage Tariff of Charges**.

## 11 Obligations concerning the Property

11.1 You agree to:

- (a) Not occupy the security **property**;
- (b) keep the **Property** in good repair;
- (c) rebuild the **Property** where necessary;
- (d) make sure that any unfinished building or works on the **Property** are completed without delay and are properly built;
- (e) comply with all covenants, agreements and statutory obligations affecting the **Property** or its use;

- (f) promptly pay any rent, rent charges and service charges payable in respect of the **Property**;
- (g) promptly produce to us on request a statement showing the amount and due date of any sums Condition 11.1(e) applies to and the name and address of the person they must be paid to;
- (h) produce to us on request receipts for the payment of any sums Condition 11.1(e) applies to no later than seven days after they become due;
- (i) promptly pay all rates, taxes and other charges payable by the owner or occupier of the **Property**;
- (j) comply promptly with any order, notice or requirement of any local or other authority relating to or affecting the **Property** or any road or footway which abuts the **Property**;
- (k) comply with the **Planning Acts** and the **Environment Acts**;
- (l) comply promptly with any notice or order under the **Planning Acts** or **Environment Acts** (unless reasonably requested by us in connection with Condition 11.1(m) to act otherwise);
- (m) give full particulars in writing to us within seven days of receipt of any notice, order or proposal for a notice or order under the **Planning Acts** or **Environment Acts** and, where requested, produce the notice, order or proposal to us;
- (n) make, or join with us in making, at your own expense such objections or representations against or about any notice, order or proposal under the **Planning Acts** or **Environment Acts** as we reasonably request;
- (o) not create any circumstances which could lead to the issue of an **Environmental Notice**;
- (p) immediately tell us in writing if you become aware of any circumstances which may lead to the issue of an **Environmental Notice** or if an **Environmental Notice** is issued, and in either case provide written details of the steps you intend to take to remedy those circumstances or comply with the **Environmental Notice**;
- (q) immediately tell us in writing about any notice served by you under the Leasehold Reform Act 1967 or the Leasehold Reform, Housing and Urban Development Act 1993 relating to the **Property**;
- (r) give us full details in writing of any claim, notice of proceedings or other notice affecting the **Property** within seven days of receipt;
- (s) not carry out or permit any third party to carry out any unlawful or criminal activity at the **Property**;
- (t) promptly give us any information about the **Property** which we reasonably ask for;
- (u) give full particulars in writing to us (together with copies of the relevant documentation including any **Energy Performance Certificate**) within twenty eight days of entering into any **Green Deal** finance arrangement; and
- (v) permit us and any persons authorised by us on giving you reasonable prior written notice to:
  - (i) enter the **Property** at a reasonable time (unless there is an emergency) to survey the condition of the **Property**; and

- (ii) (where reasonably necessary) take samples or make trial pits or boreholes.
- 11.2 You agree not to do, or allow any third party to do, the following without our prior written consent (which we will not unreasonably withhold):
  - (a) remove any fixtures and fittings from the **Property**;
  - (b) accept a surrender of, forfeit, or agree to any change to or extension in any lease of the **Property**;
  - (c) transfer the **Property**;
  - (d) grant any lease or tenancy or any other right to a third party to occupy the **Property**;
  - (e) grant any other interest in the **Property** or any rights over it (except a mortgage or charge ranking after the **Mortgage**).
  - (f) give up possession of the **Property** or share possession of the **Property** with a third party;
  - (g) make any structural alterations to the **Property** or put up any other buildings or constructions on it;
  - (h) change the use of the **Property** or any part of it or allow it to be used for any trade or business;
  - (i) apply for, or receive, any grant or allow a local authority to carry out any repairs, which would result in a charge being created over the **Property**.
  - (j) enter into, or allow a tenant of the **Property** to enter into, any **Green Deal** finance arrangement which involves measures and/or installations exceeding ten thousand pounds in value, nor allow a tenant to enter into such an arrangement.
- 11.3 Where you seek our consent under Condition 11.2:
  - (a) you must apply to us in writing with full details of your proposal regarding the matter you are seeking our consent to;
  - (b) we may by giving you reasonable prior written notice require the **Property** to be inspected at a reasonable time in order to properly consider your proposal.
- 11.4 If we give our consent under Condition 11.2 to your proposal, you will apply for any permissions, consents or certificates required to lawfully implement your proposal and give us notice of the result of your application within seven days of receipt.
- 11.5 You will reimburse us a reasonable sum in respect of any liability which we cannot reasonably avoid, and any associated costs which we reasonably incur, arising from:
  - (a) a breach of your obligations as the owner or occupier of the **Property** (including any failure to pay rent, rent charges or service charges);
  - (b) any application referred to in Condition 11.4; or
  - (c) any failure by you to comply with the **Planning Acts** or the **Environment Acts**.
- 11.6 We are not obliged to keep the **Property** in repair, unless we have taken possession of it. Where we have taken possession of the **Property**, we are not obliged to make improvements to it. Where the **Property** is not in good repair when we take possession of it, we may market

it for sale without taking steps to place it in good repair provided that we take reasonable steps to ensure that it is reasonably secure from intruders.

- 11.7 If you fail to observe your obligations under the **Mortgage** then we shall have the power (but not be bound) to carry out those obligations at your expense. This will be without prejudice to any other rights which we may have.

## 12 Insuring the Property

12.1 The **Property** must be insured at your expense:

- (a) in the joint names of you and us; or
- (b) in such other manner as we approve with an insurer approved by us (and we will not unreasonably withhold our approval).

12.2 The **Property** must be insured to a minimum of its full replacement value from time to time (including architects and other professional fees, demolition, site clearance, the cost of complying with the requirements of all competent authorities and an allowance for inflation).

12.3 Where insurance for the **Property** is arranged by us, we may be paid a commission by the insurer. We shall be entitled to retain any such commission.

12.4 We are not obliged to make sure that cover provided by any insurance policy arranged by you is adequate. If the insurance is in your name alone, you must tell the insurer of our interest in the **Property** and arrange for our interest to be noted on the policy.

12.5 You must promptly pay all premiums for effecting, maintaining or renewing insurance for the **Property**. If you fail to pay any such premiums, we may pay them for you and debit them to your **Mortgage Account** as **Expenses**.

12.6 Where we ask, you must immediately deliver to us the policy or policies of insurance in respect of the **Property** and a receipt for every insurance premium you have paid.

12.7 You will hold all money you receive under any insurance policy relating to the **Property** on trust for us. You must pay such money to us and we will apply it (so far as may be required) either in making good the loss or damage or in reduction or repayment of the **Mortgage Debt**. Any surplus will be paid to you or any other person entitled to receive it.

12.8 We may make agreements on your behalf with the provider of insurance for the **Property** on all matters relating to that insurance (including the settlement of any claim and receipt of any money paid out under the insurance).

## 13 Your Attorneys

13.1 By way of security you irrevocably appoint us and (separately) any Receiver appointed under the **Mortgage Documents** to be your Attorneys. As your Attorneys we and any Receiver may each (without the authorisation of the other):

- (a) sign and complete any documents required to make good your title to the **Property**, or our title to the **Mortgage**, or to vest the **Property** and the **Related Rights** in us, our nominees or any purchaser;
- (b) sign, complete and otherwise make good any security or other document referred to in the **Mortgage Documents** and any other agreements or documents (including any variation of your title to the **Property**) required to protect or improve our security;

- (c) do everything that is necessary to obtain the grant or transfer of all permissions, consents or certificates for using the **Property**;
  - (d) do anything which is needed or is useful for the full exercise of the rights remedies and powers conferred on us or a Receiver under the **Mortgage Documents**;
  - (e) where it is reasonable to do so in order to protect our security, settle any claim made by the landlord or by a management company (if the **Property** is leasehold) even though you may dispute or not admit any sums claimed;
  - (f) send and receive notices and counter notices, make compromises or agreements, issue and conduct applications for relief and take all other steps necessary or useful in relation to any forfeiture or attempted forfeiture of the lease (if the **Property** is leasehold);
  - (g) exercise the **Related Rights**; and
  - (h) make a claim under any policy of insurance referred to in Condition 12.
- 13.2 You agree with us, and separately with any Receiver, to ratify any lawful act of an Attorney under this Condition 13 if you are required to do so by us or the Receiver.
- 13.3 If there is more than one borrower, the powers under Condition 13.1 will only arise after the **Mortgage Debt** has become immediately repayable under Condition 14.1 and we have subsequently given you written notice that the powers under Condition 13.1 have arisen. The powers will then continue for twelve months from the date of our written notice.

## 14 When you must immediately repay the Mortgage Debt

- 14.1 The **Mortgage Debt** will become immediately payable in full if:
- (a) an amount equivalent to two or more **Monthly Payments** is due and unpaid;
  - (b) you do not comply with one or more of your obligations under the **Mortgage Documents** (other than an obligation to pay the **Monthly Payment**);
  - (c) the **Mortgage Debt** is not paid in full by the end of the **Term**;
  - (d) a bankruptcy order is made against you;
  - (e) you apply for an interim order;
  - (f) you enter into a voluntary arrangement or a deed of arrangement;
  - (g) a receiver is appointed by the holder of another charge over the **Property**; or
  - (h) an order for compulsory acquisition of the **Property** or any part of it is made and confirmed.

## 15 Our powers when the Mortgage Debt is immediately repayable

- 15.1 We may at any time after the **Mortgage Debt** has become immediately repayable under Condition 14.1, do all or any of the following without notice:
- (a) Take possession of the **Property** (subject to our obtaining any court order which is required).



- (b) Exercise all statutory powers which are conferred on mortgagees by the Law of Property Act 1925, including the power to sell the **Property** (whether or not we have taken possession), the power to appoint a Receiver and the power to foreclose.
  - (c) Lease the **Property** for such period and upon such terms as we think appropriate.
  - (d) Accept a surrender of any lease of the **Property** on such terms and conditions (including the payment of money to a tenant) as we think appropriate.
- 15.2 The restrictions imposed on our statutory powers by Section 103 of the Law of Property Act 1925 shall not apply and we will be able to exercise our statutory power of sale where the **Mortgage Debt** has become immediately repayable under Condition 14.1.
- 15.3 For the purpose of finding out when our power of sale or our power to appoint a Receiver arises under the Law of Property Act 1925 and for any other purposes specified in that Act, the **Mortgage Debt** shall become due 28 days after the date of the **Mortgage**.
- 15.4 A Receiver appointed by us under the **Mortgage Documents**:
- (a) will be appointed on such terms as to remuneration and other matters as we reasonably agree with the Receiver;
  - (b) will be your agent and you will be solely responsible for his acts and omissions and for his remuneration;
  - (c) may exercise any of the rights, powers and remedies which we would be able to exercise; and
  - (d) may pay any money owed by you in such order of priority as he chooses.
- 15.5 If we take possession of the **Property**, we shall become your agent (in respect of the matters mentioned in this Condition 15.5 only) with authority to sell, remove, store, and lease with the **Property** any furniture, vehicles, goods or livestock which you fail to remove from the **Property** within fourteen days of us taking possession. We will pay you all proceeds received in this regard (after deduction of any **Charges** or **Expenses** which apply).
- 15.6 Where the **Mortgage Debt** has become immediately repayable under Condition 14.1, our powers are extended to enable us to do the following:
- (a) We may (without being obliged to) after giving you reasonable prior written notice carry out any obligations under the **Mortgage Documents** which you have failed to comply with.
  - (b) We may after giving you reasonable prior written notice take steps to maintain, repair or improve the **Property**, without becoming liable as mortgagee in possession (unless we have also taken possession of the **Property**).
  - (c) If you leave any works of construction on the **Property** unfinished, we may either sell the **Property** with the construction still unfinished or after giving you prior written notice complete the works of construction.
- 15.7 We may only exercise our further powers under Condition 15.6 if it is reasonable for us to do so to protect our security or realise our security on favourable terms.
- 15.8 Notwithstanding the provisions of Conditions 11.1 and 15.6, unless we have taken possession of the **Property**, we may not carry out any works, or require any works to be carried out, which are needed to remedy a circumstance which could lead to the issue of an **Environmental Notice** or to comply with an **Environmental Notice**.

## 16 Transferring our rights

- 16.1 We may at any time while any part of the **Mortgage Debt** remains owing to us:
- (a) transfer, charge or otherwise dispose of the benefit of some or all of our rights under the **Mortgage Documents** to a third party; and
  - (b) pass to that third party (before or after we exercise our rights under Condition 16.1(a)) the information contained in your application for the Loan and any supporting documentation or information together with any other documentation or information relating to the **Property**, the **Mortgage** and any other security held by us.
- 16.2 Where we have exercised our rights under Condition 16.1(a), unless our agreement with them provides otherwise, the third party will be able to exercise all the rights, powers and remedies which we have under the **Mortgage Documents**.
- 16.3 You agree that the third party may rely upon the truth and accuracy of the information contained in your application for the **Loan** and any supporting documentation or information provided by you.

## 17 Miscellaneous

- 17.1 The **Mortgage** shall be a continuing security for all monies secured or intended to be secured by the **Mortgage** notwithstanding there may have been at any time a balance to your credit on any account secured by the **Mortgage**.
- 17.2 Each of the provisions of the **Mortgage** is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid illegal or unenforceable the remaining provisions shall not in any way be affected.
- 17.3 No failure or delay on our part to exercise any power right or remedy shall operate as a waiver nor shall any single or partial exercise or waiver prevent the further exercise of that or any other power right or remedy.
- 17.4 You acknowledge receipt of the Mortgage Offer and these Mortgage Conditions.

## 18 Communication

- 18.1 We may give you written notice under the **Mortgage Documents** or provide you with any document:
- (a) by giving it to you personally, in which case we will treat it as received when it is given to you;
  - (b) by fax, in which case we will treat it as received on the day it is transmitted;
  - (c) by email, in which case we will treat it as received on the day it is sent;
  - (d) by post or delivery to the **Property**, in which case we will treat it as received when it would arrive in the ordinary course of post (where we use the post) or 48 hours after it is delivered (where we use delivery); or
  - (e) by post or delivery to your last known address, in which case we will treat it as received when it would arrive in the ordinary course of post (where we use the post) or 48 hours after it is delivered (where we use delivery).

- 18.2 Where there is more than one of you we may give notice to all of you by giving or sending it to the person named first in our records, except where there is a legal or regulatory requirement that each borrower must be given notice.
- 18.3 If you are resident (or in the case of a corporate entity) incorporated outside of the United Kingdom:
- (a) You irrevocably appoint Conveyancing Direct Limited, Windmill Road, St Leonards on Sea, East Sussex, TN38 9BY as your agent for service of process in relation to any proceedings before the English courts in connection with the **Mortgage** and these Conditions;
  - (b) You agree that failure by a process agent to notify you of the process will not invalidate the proceedings concerned.
- 18.4 If any person appointed as process agent is unable for any reason to act as agent for service of process, You must within 5 working days appoint another agent on terms acceptable to us. Failing this, we may appoint another agent for this purpose.

## 19 Applying these Conditions

- 19.1 The **Mortgage Documents** are governed by the law of England and Wales.
- 19.2 The Contracts (Rights of Third Parties) Act 1999 does not apply to the **Mortgage Documents**.
- 19.3 Each of the terms in the **Mortgage Documents** is separate from the others. If for any reason one or more such terms is or becomes unenforceable, the remaining terms shall continue to be enforceable.
- 19.4 If you or we delay in enforcing a term in the **Mortgage Documents**, you or we shall not be prevented from enforcing that term later on.
- 19.5 We will not be liable to you for anything we do or fail to do which is due to:
- (a) abnormal and unforeseeable circumstances beyond our control, the circumstances of which would have been unavoidable despite all efforts to the contrary; or
  - (b) our legal obligations.

## 20 Changes to the Mortgage Documents

- 20.1 We may change the terms of the **Mortgage Documents** (other than those aspects of the calculation of interest, the **Monthly Payment**, the **Interest Rate** and **Charges** which can be changed under Conditions 5.3, 6.4, 7 and 9) for any one or more of the following reasons:
- (a) to enable us to comply with the law, or a decision by a court, regulator or the Channel Islands Financial Ombudsman;
  - (b) to enable us to meet regulatory requirements.
- 20.2 We will give you at least one months' prior written notice of a change made under Condition 20.1 (unless we are prevented from doing so by law or regulation, in which case we will give you written notice as soon as law and regulation permits).



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