



SKIPTON INTERNATIONAL LIMITED

Mortgage Terms and Conditions (Guernsey)

1. Skipton International Limited ("**SIL**") is a wholly owned subsidiary of Skipton Building Society. Registered office: Tudor House, The Bordage, St Peter Port, Guernsey, GY1 6DS, Great Britain. SIL is a non cellular company incorporated in Guernsey with liability limited by shares, company registration number 30112.
2. The loan offer contained in a letter issued by SIL and accepted by you as Borrower (the "**Loan Offer**") and these Terms and Conditions, as amended from time to time (the "**Terms and Conditions**") shall be construed together as a single agreement and shall be governed by and construed in accordance with the laws of the Island of Guernsey and the Borrower and SIL hereby irrevocably agree for the exclusive benefit of SIL to submit to the courts of the Island of Guernsey who are to have jurisdiction to settle any disputes which arise out of or in connection with the Loan Offer, these Terms and Conditions or any matter arising in respect of or in relation to either of them. Capitalised terms in these Terms and Conditions bear the meaning attributed to them in the Loan Offer, unless otherwise defined herein or as the context otherwise requires.
3. The Loan, and any interest accrued on it, is available solely at SIL's discretion and is repayable:
 - a. immediately and without the need for any demand, in the event of (i) any creditor to the Borrower having a Preliminary Vesting Order made in his favour over the Borrower's property; or (ii) any event (or act indicative) of insolvency of the Borrower;
 - b. if there is a material change in the Borrower's circumstances since the application for the Loan was made, or any of the information given in support (whether by the Borrower or by someone on behalf of the Borrower) of the application is or becomes inaccurate, incomplete or misleading;
 - c. upon breach of any of the details set out in the Loan Offer or Terms and Conditions; and
 - d. upon demand.
4. Without prejudice to paragraph 3, the Loan is to be repaid on the Loan Repayment Basis. Payments in relation to the Payment Makeup will be collected monthly, on the first working day of each month by Direct Debit from an account designated by the Borrower and accepted by SIL.
5. If the Borrower and SIL have agreed that the Borrower should during the Loan Period or any part thereof make interest only payments to SIL until the expiry of the Loan Period, the Loan is to be repaid in full at the end of the Loan Term from a source acceptable to SIL.
6. Where two or more people are named in the Loan Offer as the Borrower, the obligations under the Loan Offer and the Terms and Conditions are joint and several, meaning that (without in any way limiting the foregoing):-
 - a. Both or all persons are individually responsible for the terms of the agreement between SIL and the Borrower, including, for example, making any payments due;
 - b. If the terms of the Loan Offer and/or these Terms and Conditions are breached SIL can take action against any one or all of the persons comprising the Borrower;
 - c. If any notice or communication is given to one borrower, it is deemed to be given to all persons comprising the Borrower; and
 - d. Any notices, instructions, agreements, consents or information provided by one borrower is deemed to be given by all persons comprising the Borrower.
7. Whilst it is not a condition of SIL making the Loan, SIL strongly recommends that anyone with liabilities under the Loan Offer should arrange suitable life insurance cover in the sum of the Loan for the Loan Term, to assist in the repayment of the Loan in the event of their death during the Loan Term.
8. If the Borrower pays a combined capital and interest payment, SIL will always deduct interest payable first and apply any balance to reduce the capital balance of the Loan. SIL may change: the amount of the monthly payments deducted in order to reflect the amount outstanding under the Loan; any previous payments paid or unpaid by the Borrower; and, the remaining period of the Loan Term, with a view to ensuring that the Loan is repaid by the end of the Loan Term.
9. Any capital repayments will be applied to reduce the capital outstanding under the Loan upon receipt of cleared funds by SIL.
10. All interest will be calculated on the outstanding balance of the Loan (a) at close of business, each day, and debited to the Borrower(s) account at the end of March, June, September and December of each year; and (b) on the full and final repayment date of the Loan.
11. If an early repayment date is not mentioned in the Loan Offer, it can be assumed that there is no penalty for overpayments or early redemption of the Loan.

If an Early Repayment Date is applicable, the Borrower may only repay small amounts of the Loan before the Early Repayment Date without incurring an additional payment as set out in the Loan Offer because the Initial Rate of Interest has been calculated with that in mind. Accordingly, if before the Early Repayment Date the Borrower repays during any period of one year a sum in excess of ten per cent (10%) of the Loan outstanding at the commencement of that one year period, the Borrower will pay in addition to the amount redeemed the Early Repayment Interest. For the purposes of this calculation, a year is defined as starting on the commencement of the Loan and on the anniversary thereafter; the amount is up to 10% of the balance outstanding on that date; this facility cannot be rolled over into subsequent years if the facility is not used in any one year. The Early Repayment Interest is a genuine pre-estimate of the loss SIL will suffer as a consequence of the early repayment of the Loan.

In all cases, no early repayments can be made within the first 3 months following the drawdown of the Loan.

12. If, contemporaneously with any redemption of the whole of the Loan, the Borrower borrows from SIL the same amount to that redeemed, no Early Repayment Interest will be payable. The terms of the subsequent lending shall include reference to the Early Redemption Date and provision for the payment of an Early Redemption Interest as herein defined.
13. SIL may change SIL's Standard Variable or Follow On Rate or the rate of interest charged at any time in order to reasonably reflect the fact that any of the following have occurred or are about to occur, provided that SIL shall not do so for any arbitrary or improper purpose:
 - a. any change in the Bank of England Official Bank Rate (or any rate that replaces it);
 - b. any change in interest rates charged by other major banks or financial institutions in the mortgage market;
 - c. any change in the cost to SIL of the money it lends;
 - d. any event which requires a change to the interest rate in order to comply with any rate guarantee given by SIL;
 - e. any change in the law, regulation or in codes of practice applicable to SIL or the making of a recommendation, requirement or decision made by any court, regulator or similar body;
 - f. any reorganisation of SIL's business by it being acquired by or by SIL acquiring another bank or organisation (so that customers with similar categories of agreements can be treated in a similar way);
 - g. any event beyond the control of SIL; or
 - h. any other similar valid reason.
14. As security for repayment of the Loan and interest, SIL will require before any funds are released:
 - a. the creation and registration of the Bond;
 - b. the creation and (if applicable) registration of any other such security as may be deemed appropriate by SIL from time to time.
15. If the amount payable by the Borrower to SIL, or any part of it, remains unpaid after it becomes due ("**the arrears**"), whether the payment has been formally demanded or not, SIL will, without prejudice to any other right or remedy that SIL may have, charge, and the Borrower shall pay, interest on the arrears sum at a rate of 2% per month and/or (at the discretion of SIL) change the rate on the entire outstanding balance. These rates may be amended from time to time by SIL under advice to the Borrower.
16. The Borrower undertakes to maintain a suitable buildings insurance policy (for such risks including cover for subsidence and for such sum assured as SIL shall specify or where SIL has not so specified the full reinstatement value of the buildings), with SIL's interest noted, throughout the Loan Term.
17. The Borrower will put and keep the Property in good and substantial repair and condition, decorating it in accordance with good current practice and will not allow the Property to lapse into a state of disrepair.
18. If the Borrower does not insure or repair maintain and decorate the Property as required under clauses 16 and 17 above SIL reserves the right to do so at the Borrower's expense.
19. The Borrower will fulfil any Special Condition(s) in the time and manner stated.
20. SIL reserves the right not to proceed with the Loan if at the sole discretion of SIL:
 - a. any aspect of the transaction is considered unsatisfactory;
 - b. SIL's Guernsey Legal Advisors report any defect in the title to the Property (for example (but without limitation) it does not enjoy all necessary rights or is subject to onerous covenants or servitudes);
 - c. any other problem that would affect SIL's security or any breach of the details contained in the Loan Offer and these Terms and Conditions;
 - d. there is a material change in the Borrower's circumstances since the application for the Loan was made, or any of the information given in support of the application has become inaccurate.
21. Until full repayment of the Loan the Borrower shall not consent to the registration of any security over, nor sell lease or otherwise part with possession or occupation of the Property without the prior written permission of SIL. Permission may be given upon such conditions as SIL may require (which may include, by way of example, the amendment of all and any details set out in the Loan Offer and these Terms and Conditions including the rate of interest payable or the repayment date(s) of the Loan). SIL shall also want to approve the terms of the lease, licence or other documentation by which legal possession is parted with and the inclusion in the terms thereof of such clauses as SIL shall be advised by its Guernsey Legal Advisors are reasonable for the protection of SIL's security over the Property.

For the avoidance of doubt, and without prejudice to the terms of paragraph 3 of these Terms and Conditions, the following events of default will be deemed to convert the rate of interest payable by the Borrower under the Loan immediately prior to the date of such event of default to SIL's Standard Variable Rate with effect from and including

such date and in which case the Borrower shall be liable for the immediate payment of any Early Redemption Charges payable pursuant to the Loan Offer and will entitle SIL to demand the immediate repayment of the Loan and any interest accrued on it, such events of default being:-

- a. The Borrower consenting to any further bond or other security or encumbrance over the Property without SIL's prior consent;
 - b. The Borrower granting any lease, licence or occupancy agreement in respect of the Property (or any part thereof) without SIL's prior consent.
 - c. The Borrower altering the number or size of units of accommodation forming part of the Property or the change of use of the Property without SIL's prior consent.
22. The Borrower will be responsible on a full indemnity basis for and shall pay on demand all fees, charges, expenses (including where applicable and without limitation all document duties and registry fees), liabilities and legal and other costs incurred or charged by SIL and its agents and its Guernsey Legal Advisors including without limitation legal fees and disbursements made in, or incidental to:
- a. the preparation, negotiation, completion, registration re-registration (if applicable) administration, protection, termination (however it shall occur) and enforcement (including costs of any proceedings) of the Bond and the Loan and every aspect of it, and the Loan Offer and the security documents and any cashback in connection with the Loan from SIL to the Borrower and any tenancy/licence agreements (if applicable) or ancillary work thereto;
 - b. the exercise by SIL of its rights and powers under the Loan and the Loan Offer and all security documents and any cashback amount given by SIL which becomes repayable to SIL.
23. Interest charges incurred from the date of drawdown will be included in the first scheduled repayment.
24. In making the Loan Offer SIL does not give any warranty as to the purchase price, value or condition of the Property. SIL advises that the Borrower takes such independent specialist advice as to such matters prior to any commitment to the purchase of the Property.
25. SIL reserves the right, for the duration of the Loan, to debit funds from any account held by the Borrower with SIL and credit them to any account held by the Borrower with SIL in settlement of any outstanding debit amount.
26. All fees as quoted in the Loan Offer are payable before drawdown.
27. If any of the details of the Loan Offer or these Terms and Conditions become invalid or unenforceable in any way under any law, the validity of the remaining terms shall not in any way be affected or impaired. If any invalid or unenforceable terms would not be invalid or unenforceable if its form or effect were modified in any way, it shall be deemed to have such modified form or effect so long as SIL consents thereto. If any term hereof is unenforceable against any one or more of the Borrower(s) none of the rest of the Borrower(s) will be released from their obligations of the Loan Offer or these Terms and Conditions from SIL.
28. SIL may sell assign or transfer SIL's rights and obligations, including the Loan and any security held by SIL, to anyone at any time. If SIL sells or transfers any or all of its rights, benefits or obligations the rights and obligations of the Borrower hereunder will stay exactly the same but the Borrower will be bound to any person or organisation to whom SIL may sell or transfer and that person or organisation will have all SIL's rights and powers and SIL will be released from its obligations so far as these are assumed by that person or organisation. SIL may disclose details of the Borrower's Loan account to any bona fide purchaser.
29. The Borrower will not exercise any right of set-off that it may have in respect of the Loan, now or at any time in the future.
30. SIL may change these Terms and Conditions in order to reasonably reflect the fact that any of the following has occurred or is about to occur, provided that SIL does not do so for any arbitrary or improper purpose:
- a. any material change in conditions in or affecting mortgage markets;
 - b. any change in the lending practices of banks and other financial organisations offering similar services (including the terms on which they offer such services);
 - c. any change in the law, regulation or in Codes of Practice or the making of a recommendation, requirement or decision by any court, regulator or similar body;
 - d. any change to the systems SIL uses to manage its accounts, including changes in the technology it uses;
 - e. any reorganisation of the business undertaken by SIL following it being acquired by or by SIL acquiring another bank or organisation (so that customers with similar categories of agreements can be treated in a similar way);
 - f. any event beyond the control of SIL;
 - g. if the substitution of Sterling by the Euro results or will result in the opinion of SIL in a change in money market conditions; and
 - h. any other valid reason.
31. SIL will give the Borrower not less than 30 days' written notice of any change effected under paragraph 30 and the amendment shall take effect from the date specified in such notice.
32. If SIL waives any of the details contained in the Loan Offer or these Terms and Conditions, whether in writing or by some other means (for example agrees for any given period of time arrears terms), such waiver will not constitute a complete waiver of the Borrower's obligations or liabilities, nor does it mean that SIL forgoes any rights or interest, but rather that SIL agrees to a temporary suspension of its application for the given agreed period of time. Furthermore any waiver will not restrict the ability of SIL from taking action against the Borrower for breach of the Loan Offer and/or these Terms and Conditions.

33. The Borrower may not occupy, or allow any other individual to occupy the Property unless they are lawfully entitled so to do either by possession of residential qualifications under the Population Management Laws of Guernsey from time to time in force (the "**Population Management Laws**") or by a permit or certificate issued by the States of Guernsey Population Management Office specifically entitling such occupation. In the case of occupation under permit or certificate the Borrower will provide to SIL a copy of every such permit or certificate within seven days of such permit or certificate being issued.
34. The Borrower may only allow third parties to occupy the Property or any part thereof after they have entered into a validly executed and enforceable tenancy agreement or licence in a form approved by SIL.
35. If the Property is subject to a tenancy agreement or licence at the date of the first release of funds; or prior to the grant of any tenancy or licence, the Borrower must submit to SIL a copy of the tenancy agreement or licence executed by the tenant or licensee or a draft of the proposed tenancy agreement or licence to be executed by any tenant or licensee as the case may be within three months of the date of the Loan Offer.

The tenancy agreement or licence or a draft thereof must be approved by SIL and its Guernsey Legal Advisors at the cost of the Borrower and must contain clauses setting out, inter alia, the amount of rent payable, provision for its periodic review, the term of the proposed lease or licence, the right of re entry by the Borrower in the event of non payment of rent or breach of covenant, and additional suitable covenants regarding maintenance and repair of the Property. No premium shall be payable by the tenant or licensee. Suitable clauses must be included ensuring that the tenant or licensee is aware of SIL's interest in the Property and deferring to all SIL's rights in the event of enforcement of the Bond or any other security interest agreement. Prior to the date of the first release of funds SIL must have agreed the form of any existing tenancy agreements or licence.

Otherwise, in accordance with the Loan Offer and these Terms and Conditions, the Property must not be occupied by any other person other than the Borrower and or such other individuals identified and approved by SIL. The Borrower covenants not to part with possession or occupation of the Property or any part thereof other than as agreed herein and further covenants to do and cause to be done all things necessary or expedient for the protection, enforcement or maintenance of any rights or interests of SIL in the Property, including inter alia, the right to enter and take possession of security upon default and hereby indemnifies SIL for any loss resulting from a failure or inability to do so.

36. These Terms and Conditions should be read in conjunction with the Loan Offer; if there is doubt between the two, the terms and conditions in the Loan Offer shall take precedence.
37. If SIL has offered certain terms (the "**Initial Terms**") in respect of the Loan for a limited initial period (the "**Initial Period**"), prior to the expiry of the Initial Period, SIL may, in its sole discretion, send a notice (the "**Renewal Notice**") to the Borrower setting out the terms upon which it is willing to renew the Initial Terms applicable to the Loan (the "**Renewal Terms**"). If the Borrower agrees with the Renewal Terms, it will notify SIL of its agreement in the manner specified in the Renewal Notice. Provided that SIL receives the Borrower's agreement to the Renewal Terms prior to:
 - a. the expiry date of the Initial Period; or
 - b. the expiry date of the Renewal Terms (as set out in the Renewal Notice),

then, the Loan will be provided on the Renewal Terms from the following date (being the "**Renewal Date**"):

- c. in the case of paragraph (a) above, from the expiry date of the Initial Period; and
- d. in the case of paragraph (b) above, from the date which is 3 days following receipt by SIL of the agreement to the Renewal Terms.,

Without prejudice to paragraph 40, the Renewal Notice may (a) be sent by electronic mail to the electronic mail address provided by the Borrower to SIL, and (b) require that the Borrower's agreement to the Renewal Terms is provided in electronic format, without any need for the Borrower to sign the Renewal Notice or the Renewal Terms. In such case, SIL will promptly confirm to the Borrower by letter the Renewal Terms and Renewal Date.

Without prejudice to paragraph 6, where two or more people are named in the Loan Offer as the Borrower, SIL may send the Renewal Notice to any person named as a borrower. The agreement of any one borrower to the Renewal Terms shall be deemed to be the agreement of all persons comprising the Borrower.

Conditions relating to company loans

38. No director, shareholder or officer of the Borrower may occupy, or allow any other individual to occupy the Property unless they are lawfully entitled so to do either by possession of residential qualifications under the Housing Laws or by a permit or certificate issued by the States of Guernsey Population Management Office specifically entitling such occupation. In the case of occupation under permit or certificate the Borrower will provide to SIL a copy of every such permit or certificate within seven days of such permit or certificate being issued.
39. As security for repayment of the Loan and interest, SIL will require before any funds are released:
 - a. the Bond;
 - b. an up to date copy of the Memorandum and Articles of Incorporation of the Borrower, duly certified by a director of the Company;
 - c. duly certified copy of the Certificate of Incorporation of the Borrower;
 - d. copies of all the relevant resolutions of the directors of the Borrower, duly certified by a director of the Company;

- i. approving the terms of the Loan Offer and authorising a named officer of the Borrower to sign the same on behalf of the Borrower;
 - ii. approving the purchase or refinance of the Property and Bond required as part of the security in respect of this Loan and authorising an appropriate individual to consent thereto; and
 - iii. such other resolutions, alterations to its Memorandum and/or Articles of Incorporation and other acts required by SIL's Guernsey Legal Advisors to perfect SIL's security;
 - e. evidence satisfactory to SIL's Guernsey Legal Advisors that the Borrower has power to enter into the Loan Offer, purchase the Property and consent to the execution and registration of the Bond;
 - f. any other such security as may be deemed appropriate by SIL from time to time.
40. Any notice, demand or communication given or served under or in connection with the Loan Offer or the Terms and Conditions shall be served:-
- a. on SIL at its registered office from time to time; and;
 - b. on the Borrower at the last postal address in Guernsey given to SIL by the Borrower

PROVIDED ALWAYS and notwithstanding any provision to the contrary, whether in these Terms and Conditions or in the Loan Offer, the Loan Offer and any other communications from SIL may be sent to the Borrower by electronic means, including without limitation by electronic mail to the address provided by the Borrower to SIL, which may or may not be sent by an encrypted method, in which event any commitment given by the Borrower in electronic format, including without limitation electronic mail or in a document or scanned image attached to or included within an electronic communication will be binding, including any scanned image of the Loan Offer (or other documents) bearing the Borrower's signature.

May 2018