

## **THE MANSFIELD BUILDING SOCIETY**

### **GENERAL MORTGAGE CONDITIONS 2019**

#### **SCOTLAND**

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

#### **INTRODUCTION**

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

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

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

#### **MEMBERSHIP RIGHTS**

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

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

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

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

## **SUMMARY**

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

Condition 2 sets out the meanings of certain words and phrases and other things to bear in mind when you read the Conditions.

Condition 3 has some further information about membership.

Condition 4 deals with our security over the property.

Condition 5 sets out your repayment obligations, including the need to make monthly payments and to pay off the mortgage by the end of the mortgage term.

Conditions 6 and 7 explain how we calculate interest and when and how we can change the rate of interest applying to your loan.

Condition 8 deals with the rights in respect of the property and the powers of attorney which you give us as security.

Condition 9 sets out the things you must, and must not, do in relation to the property, to protect its condition and value and our security.

Condition 10 deals with your obligation to insure the property. The property must be adequately insured at all times.

Condition 11 gives us power to take action to put things right if you do not carry out your obligations under the mortgage.

Condition 12 deals with the fees and costs you must pay, and when and how we can change our fees.

Condition 13 sets out the circumstances in which we can require you to repay the mortgage immediately: for example, if you do not do the things you have agreed to do.

Condition 14 describes the remedies we have if we need to enforce our security: for example we can repossess the property and sell it.

Condition 15 gives you the right to pay off the mortgage, although you should note that early repayment charges may apply – please check your mortgage offer or ask us.

Condition 16 deals with the situation if our security is released by mistake.

Condition 17 gives us power to deal with belongings left in the property.

Condition 18 has details of our requirements in respect of any life policy that is security for your mortgage.

Condition 19 describes the obligations of any guarantor for your mortgage.

Condition 20 gives us power to transfer the mortgage.

Condition 21 tells you how we will notify of things under the mortgage.

Condition 22 to 25 deal with certain other matters, including the law and language that apply and when and how we can change the Conditions.

**GENERAL MORTGAGE CONDITIONS 2019  
SCOTLAND**

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## 1. **About these Conditions**

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

## 2. **Meanings of particular words and phrases**

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

**1970 Act** means the Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended and varied from time to time).

**Acts** means the **1970 Act**, the Mortgage Rights (Scotland) Act 2001 and the Home Owner and Debtor Protection (Scotland) Act 2010 (all as amended and varied from time to time), or any one of them.

**Borrower** means the person or persons named as the borrower in the **Standard Security** and includes their personal representatives. If two or more people are the **Borrower**, then **Borrower** means all of them together and each one of them separately.

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

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

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

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

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

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

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

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

**Month** means a calendar month.

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

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

**Mortgage Offer** means our written offer of a **Loan** to you, including any terms and conditions referred to in it. Your **Mortgage Offer** may consist of more than one document, and may include any subsequent or other offers or documents which you agree to which add to, change or replace an earlier offer.

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

**Other Rights** means:-

- (1) any rights to which you may become entitled in respect of the **Property**, including:
  - (a) compensation or other money received or receivable in respect of damage caused to the **Property** or because it (or any part of it) has reduced in value, or been compulsorily purchased;
  - (b) any agreement, option, right of pre-emption, guarantee or indemnity relating to the **Property** or its construction, state or condition;

- (c) any rights to enlarge, extend or transfer or convert the title to the **Property**;
  - (d) any share in or rights of membership in a management company, or tenants' or residents' association;
  - (e) the benefit of any right to obtain the improvement of, or any payment in connection with, any roads, sewers, drains and other services or amenities;
  - (f) any policy providing insurance against title defects or adverse rights; and
- (2) any other benefits which you may have or receive in respect of the **Property**, but not including money or grants payable to you in respect of maintenance or improvement or any money from the insurance which is dealt with in **Condition 10**.

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

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

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

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

**Standard Conditions** means the Standard Conditions set out in Schedule 3 to the 1970 Act (as amended and varied from time to time) and as varied by these **Conditions**.

**Standard Security** means any standard security that you sign in our favour as security for the **Total Debt** and which says that these **Conditions** are incorporated in it.

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

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

2.2 In these **Conditions**:

2.2.1 “We”, “us”, “our” and “the Society” refer to The Mansfield Building Society, and anyone who takes over the **Mortgage** from us.

2.2.2 “You” and “your” refer to the **Borrower** and anyone who takes over your responsibilities for the payment of the **Mortgage**. If there is more than one **Borrower** then all these **Conditions** apply equally to all of you and separately to each of you. It is important to note that this means that each of you is responsible on your own for the whole of the **Total Debt**, and not just a part or proportion of it.

2.2.3 Any references to an Act of Parliament include any changes made to it and any legislation that replaces it as well as any other legislation arising from that Act of Parliament and any regulations or guidance made under it.

2.2.4 If you have more than one **Loan**, references to the **Loan** are references to each **Loan** considered separately and references to **Monthly Payments**, the **Mortgage Term** and the **Payment Date** mean the **Monthly Payments, Mortgage Term and Payment Date** which apply to the **Loan** in question, if they are different.

2.2.5 If there is any inconsistency between these **Conditions**, the **Standard Conditions**, the **Standard Security** and the **Mortgage Offer**, the terms of the documents will apply in the following order:

2.2.5.1 the **Mortgage Offer**;

2.2.5.2 the **Conditions**;

2.2.5.3 the **Standard Security**; and

2.2.5.4 the **Standard Conditions**.

2.2.6 The headings in these **Conditions** are not to be taken into account in interpreting them.



2.2.7 When things are referred to in the singular (for example “notice”), they include the plural (for example “notices”) and the other way around, unless the context indicates otherwise.

2.2.8 Please see **Condition** 21.5 for the meaning of “personal notice”.

### **3. Membership**

3.1 You will automatically become a borrowing member of the Society when the **Mortgage** is completed and you will be bound by the **Rules**.

3.2 If we transfer the **Mortgage** under **Condition** 20 and you cease to be a member, the **Rules** will cease to apply in respect of the **Mortgage**.

### **4. The security**

4.1 The security created by the **Standard Security** is security for the **Total Debt** and will not be released until the **Total Debt** has been repaid in full.

4.2 If there are any other charges affecting the **Property** apart from ours, then, unless we have priority over them or we have agreed in writing that they may remain in place, we may pay them off on your behalf. You must repay to us any amounts we pay when we call on you to make payment. **Interest** on these amounts will be charged from the date we call for payment until you pay us.

### **5. Repayment**

5.1 You must repay the **Total Debt** by the end of the **Mortgage Term**.

5.2 You must make the **Monthly Payments**. If your **Loan** is a repayment loan, the **Monthly Payment** will be calculated so as to pay off the **Loan** and interest and all other amounts you owe us under these **Conditions** by the end of the **Mortgage Term** (see also **Condition** 5.5). If your **Loan** is an interest-only loan, the **Monthly Payment** will only cover interest, and all other amounts you owe us under the **Mortgage** (including the **Loan** itself and any **Fees** and **Costs** that are added to the **Total Debt**) must be paid separately by the end of the **Mortgage Term**. Your **Mortgage Offer** will tell you whether your **Loan** is repayment or interest-only. It may be that one part of the **Loan** is on a repayment basis and the other part is on an interest-only basis.

- 5.3 **Monthly Payments** may be adjusted up or down to take account of changes in the rate of **Interest**, the amount of the **Total Debt** or the **Mortgage Term**, and any other changes to the terms of the **Mortgage** (including any change in the repayment method) that we may agree to or the ending of any particular feature of the **Mortgage** (such as a fixed or discounted interest rate).
- 5.4 The **Monthly Payment** may be rounded up to the nearest pound.
- 5.5 If we allow you to pay your **Mortgage** (or any part of it) on an interest-only basis you will at the end of the **Mortgage Term** repay the **Total Debt** to us from your own resources. We reserve the right (but are not obliged) at any time during the life of your **Mortgage** to convert your interest-only mortgage (or the relevant part of it) to a repayment mortgage if:-
- 5.5.1 you do not keep up your payments under the **Mortgage** or any **Life Policy** or other repayment strategy that was intended to be used to pay off the **Mortgage**;  
or
  - 5.5.2 we have reasonable grounds to believe that you may not be able to pay off the **Mortgage** at the end of the **Term**; or
  - 5.5.3 you fail to comply, in any significant respect, with any of the other **Conditions** of your **Mortgage** and do not put right the failure within a reasonable time after we have given you notice requiring you to do so.
- In considering whether to exercise this right, we will try to discuss matters with you first. We will take account of your circumstances (including our understanding of your ability to pay) and we will not act unreasonably.
- 5.6 It is your responsibility to check that any repayment strategy is or will be adequate to pay off your **Mortgage** in full at the end of the **Mortgage Term**. You should also ensure that you have sufficient life insurance cover to repay the **Mortgage** in the event of your death. **Interest** will continue to be charged until the **Total Debt** is repaid.
- 5.7 We will use any payments you make to us or we otherwise recover under the **Mortgage** in the following way. First, we will use them towards payment of any arrears of **Monthly Payments**. Any balance will be used towards payment of any **Interest** you owe and any outstanding **Costs** or **Fees**, in such order as we may

decide. Any remaining balance after that will be used to reduce the principal amount of the **Loan**.

## **6. Interest**

6.1 You must pay **Interest** on the **Loan**. Interest will be calculated on a daily basis, and is payable as part of the **Monthly Payments**. However, each **Monthly Payment** will be calculated on the basis of one-twelfth of a year, and not on the basis of the exact number of days in the particular **Month**.

6.2 **Interest** for the period from the **Completion Date** of any **Loan** to the last day of that **Month** should be paid separately to us. We will advise you of this amount following the release of the **Loan**.

6.3 Any **Interest** due in any **Month** which is not paid by the last day of that **Month** will itself attract **Interest**.

6.4 You should note that you will pay more **Interest** if you make your **Monthly Payment** on a day later than the **Payment Day**.

6.5 **Interest** will also be charged on **Costs** and **Fees** in accordance with **Condition 12**.

6.6 In calculating **Interest**, percentages will not be taken beyond three decimal places.

6.7 **Interest** will continue to be charged even if we get a court order against you for payment of some or all of the **Total Debt**.

## **7. Variation of the rate of Interest**

7.1 Unless stated otherwise in the **Mortgage Offer**, we can change the **Interest** rate from time to time as set out in the following **Conditions**.

7.2 We will give you personal notice to tell you about a change, and to notify you of your revised **Monthly Payment**. If the change is an increase, this will be in reasonable time before it takes effect.

7.3 The **Interest** rate can be reduced without notice, but we will inform you at the earliest opportunity.

7.4 We can change the rate of **Interest** for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):-

7.4.1 to respond to changes in the Bank of England base rate, or mortgage or investment rates generally;

7.4.2 to respond to changes in the law or the decisions of a court or ombudsman;

7.4.3 to respond to changes to relevant regulatory requirements;

7.4.4 to respond to new (or changes to) statements or codes of practice designed to enhance consumer protection;

7.4.5 to respond to changes in the costs incurred by us in providing the **Mortgage** (such as our funding or administration costs, or regulatory or compensation scheme levies and charges);

7.4.6 to respond to any increased cost or risk incurred by us as a result of any change of use of the **Property** or its occupation (for example, if the **Property** is let);

7.4.7 to enable us to maintain our financial strength, in a reasonable and prudent manner, for the benefit of all our members; or

7.4.8 for any other reason set out specifically in the **Mortgage Offer**.

7.5 Any change that we make to the rate of **Interest** will be proportionate to the circumstances giving rise to the change.

7.6 In addition to the reasons for changing the **Interest** rate set out in **Condition 7.4**, we may change the **Interest** rate for any other valid reason. If we increase the **Interest** rate for a reason not set out in **Condition 7.4**, we will (in the notice we give you under **Condition 7.2**) tell you that the change to be made under this **Condition 7.6**. In this case, you will have 60 days from the date of the notice in which you can repay the **Total Debt** without having to pay any early repayment charge. If you do repay within this period, you will not have to pay the increase in the **Interest** rate specified in the notice.

7.7 If:

7.7.1 **Interest** on your **Mortgage** is at a fixed, discounted or other concessionary rate; and

7.7.2 You fail to comply with any material term or condition of the **Mortgage** [and do not put the failure right within 30 days of our giving you written notice requiring you to do so]; and

7.7.3 The failure in question either:

(a) does not relate to any arrears of sums due under the **Mortgage**;  
or

(b) arises from non-repayment of an interest-only **Loan** at the end of the **Mortgage Term**

then we may change the **Interest** rate to our standard variable rate.

7.8 If we exercise our right under **Condition** 7.1, this will in no way prevent us from taking any action in respect of the failure, including demanding repayment under **Condition** 13.1 or enforcing our security under the **Mortgage**, unless we specifically agree otherwise.

## **8. Rights relating to the Property and powers of attorney**

8.1 By signing and completing the **Standard Security** you transfer to us, as part of our security over the **Property**, the benefit of any and all **Other Rights**.

8.2 If you receive any money arising from **Other Rights**, you must hold it on our behalf.

8.3 Our rights under **Conditions** 8.1 and 8.2 will last whilst the **Mortgage** is in existence.

8.4 By signing and completing the **Standard Security**, you give us a power of attorney (that is, a power to act on your behalf) to recover any money due in respect of **Other Rights**, including taking any necessary legal action.

- 8.5 You also give us a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these **Conditions** and also to transfer any shares you may hold in any tenants' or residents' association or management company in connection with the **Property** if we sell the **Property** under **Condition 14**.
- 8.6 The powers of attorney in **Conditions 8.4** and **8.5** are given to us as security for the **Total Debt** and cannot be withdrawn by you. They will, however, come to an end when the **Mortgage** comes to an end.
- 8.7 We will not use the powers of attorney unless one of the events mentioned in **Condition 13** has occurred and we have told you that our right to use the power has arisen.
- 8.8 If the **Property** is held on a lease, and you want to extend or vary the lease or buy the heritable interest in the **Property** or the building which includes the **Property**, then you must tell us. Our security under the **Standard Security** automatically covers any extended or varied lease from the time of the extension or variation. You must sign any additional documentation that we may reasonably require to confirm this, which may include a new **Standard Security** in respect of the acquisition of the heritable interest in the **Property**

## **9. Your obligations**

- 9.1 Until the **Mortgage** has come to an end you must do the following:-
- 9.1.1 comply with all the terms and conditions of the **Mortgage**, including the **Standard Conditions**;
  - 9.1.2 look after the **Property** and keep it in good repair and condition;
  - 9.1.3 properly finish (without delay) any building work on the **Property**;
  - 9.1.4 pay all rents, rates and other charges payable in respect of the **Property** when due;
  - 9.1.5 comply with all legal restrictions, obligations and conditions affecting the **Property**;
  - 9.1.6 comply with all planning, housing and environmental laws and the requirements of local and other authorities;

- 9.1.7 send us within seven days a copy of any notice received from a local authority or other third party (such as a landlord) that might be important in respect of the **Property**;
  - 9.1.8 allow our representatives access to the **Property** to check on its condition and use, so long as we give you reasonable notice and specify a reasonable time;
  - 9.1.9 allow us to hold any deeds or documents relating to the **Property** if we so require;
  - 9.1.10 sign and execute all documents and do all other things that we may reasonably require to ensure that the security granted to us by the **Standard Security** is in full force and effect; and
  - 9.1.11 if we reasonably so require, grant to us (or to any person to whom we sell or intend to sell the **Property** in exercise of our power of sale) any rights of access, light or other amenities over any land owned by you neighbouring the **Property**, if they are reasonably necessary for the use of the **Property**.
  - 9.1.12 tell us about any significant dispute affecting the **Property** or any lease of it
- 9.2 Until the **Mortgage** has come to an end you must NOT do any of the following in relation to the **Property** unless we have agreed in writing that you can:-
- 9.2.1 apply for any improvement or other grant;
  - 9.2.2 change its structure, demolish it or change its use;
  - 9.2.3 sell, transfer or otherwise dispose of it;
  - 9.2.4 create any letting, lease or licence, or terminate or change any lease (and any statutory right you may otherwise have to do this will not apply);
  - 9.2.5 create (or allow to exist) any fixed or floating charges other than this one;

- 9.2.6 create any circumstances (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.
- 9.3 We will not unreasonably refuse a request from you to do something under **Condition 9.2** (apart from 9.2.6), but we may require a **Fee** or additional interest to be paid as a condition of giving our consent. The amount of any **Fee** may be set out in the **Tariff**. If it is not, we will set the **Fee** or additional interest at a reasonable amount in the light of the circumstances in question.
- 10. Insurance**
- 10.1 The **Property** must be adequately insured at all times for full reinstatement value. The insurance must cover loss or damage by fire and such other risks as we may reasonably require. The amount of the insurance cover must be initially at least the amount required in the **Mortgage Offer**.
- 10.2 Unless we have agreed to arrange the insurance, you must arrange it yourself. If you fail to do so, or if your insurance is not approved by us under **Condition 10.4**, then we may (but we are not obliged to) arrange the insurance.
- 10.3 If we arrange the insurance, we will use an insurance broker or insurance company of our choice and this may be one of our associated companies. We will not have to pay on to you any commission we earn for arranging the insurance. We may change the broker or insurer from time to time. You must pay (or reimburse us for the cost of) the premiums.
- 10.4 If you are to arrange the insurance, then the insurance company and the terms of the policy must be approved by us. We will not unreasonably refuse our approval, but we may charge you a **Fee** for checking the policy. The amount of the **Fee** is set out in our **Tariff** and may be changed in accordance with **Condition 12.5**. You must pay the premiums when due and provide us with evidence that you have paid the premiums, as and when we reasonably request it. However, we are not under any obligation to you to check that your policy is in force. We may also require the insurance company to provide us with an undertaking in our standard format, and our interest must be noted on the policy.



- 10.5 We are not under any obligation to you to check the adequacy of the insurance. It is your responsibility to make sure that the insurance is adequate at all times. The amount of the insurance cover must be increased as necessary so as to ensure that this is the case.
- 10.6 If there is a possible claim on the insurance then you must make a claim. We may take control of the claim and (acting reasonably) agree settlement with the insurance company. The power of attorney you give us in **Condition 8.5** covers this.
- 10.7 If the **Property** is leasehold and insured by the landlord you must, on request, show us such documentation relating to the policy as we may reasonably require. The insurance company and the terms of the policy must be approved by us, but we will not unreasonably refuse approval.
- 10.8 You have the right to choose whether any money received by you or us from any insurance in respect of the **Property** is used in making good the damage or loss that was the reason for the claim or in or towards payment of the **Total Debt**, unless the **Property** cannot lawfully be repaired or the **Total Debt** has become payable under **Condition 13**. In those cases, the money must be applied in or towards payment of the **Total Debt** unless we agree otherwise.
- 10.9 You must not do or allow anything to be done that might make the insurance invalid.
- 10.10 You must not, without our written consent, put in place any buildings insurance in respect of the **Property**, other than the insurance required by this **Condition 10**. We will not unreasonably refuse our consent.
- 10.11 Any money received by you from any insurance relating to the **Property** must be held on our behalf unless and until it is used as required by **Condition 10.8**.
- 11. Our Power to Remedy**
- 11.1 If you do not carry out any of your obligations under the **Mortgage**, we may (but we do not have to) carry them out. For this purpose we may need to have reasonable access to the **Property**, which you agree to give us. If we have access this does not mean we have taken possession of the **Property**.

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

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

## 12. Fees and Costs

12.1 We may charge **Fees** in relation to the operation of your account and for providing any service in connection with the **Mortgage**.

12.2 **Fees** specific to your **Mortgage** are set out in your **Mortgage Offer**.

12.3 Details of our other standard **Fees** are set out in our **Tariff**. We will send you a copy of our current **Tariff** at least once a year, but you can obtain a copy of this at any time by contacting us or looking at our website.

12.4 We will notify you of any **Fees** charged. **Interest** will be charged on any **Fees** not paid within seven days of our notifying you of them.

12.5 We can (unless otherwise stated in the **Mortgage Offer**) change the **Fees** we charge at any time. Changes may include the abolition of, or amendment to, existing **Fees** or the introduction of new **Fees**, and may be made if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):-

12.5.1 to respond to changes in the costs (including tax) we incur in providing the service, or carrying out the function, to which the fee relates;

12.5.2 to meet relevant regulatory requirements;

12.5.3 to respond to new (or changes to) any statements or codes of practice designed to enhance consumer protection.

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

- 12.6 Where we introduce new fees, or increase existing **Fees**, we will tell you about the change, not less than 30 days before it takes effect, as follows:-
- 12.6.1 by personal notice;
  - 12.6.2 by sending you a copy of our revised **Tariff**; or
  - 12.6.3 by general notice in our branches and Principal Office, together with advertisements in two or more newspapers of our choice. You can find out which are the relevant newspapers by contacting any branch or our Principal Office.
- 12.7 A change which abolishes a **Fee**, or reduces the amount of an existing **Fee**, may be introduced with immediate effect and without notice.
- 12.8 You must also reimburse us for all reasonable expenses that we may incur. These **Costs** may arise if:-
- 12.8.1 you fail to do what you have promised to do under these **Conditions**;
  - 12.8.2 we exercise any of the rights we have under these **Conditions** or by law;
  - 12.8.3 if we take any action to safeguard our security; or
  - 12.8.4 under **Conditions** 10.3, 11.3 or 15.1.
- Costs** may include a reasonable amount in respect of our internal administrative expenses. They may also include legal costs of a reasonable amount which we have reasonably incurred.
- 12.9 Where it is possible to estimate the expenses we are likely to incur in particular situations, the amount of the **Costs** will be set out in our **Tariff**. When they are set out in the **Tariff** they may be changed for any of the reasons set out in **Condition** 12.5.
- 12.10 We will notify you of any **Costs** incurred. **Interest** will be charged on any **Costs** not paid within seven days of our notifying you of them.

**13. Events on which the Total Debt becomes payable**

13.1 In addition to the circumstances specified in the **1970 Act**, if any of the events set out in **Condition 13.2** happen, we may require you to pay the **Total Debt** immediately, in which case you must do so.

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

13.2.1 you do not pay when due, and still owe us, an amount equal to two **Monthly Payments** or more;

13.2.2 you fail to comply with any other material term or condition of the **Mortgage** and fail to put the failure right within 30 days of our giving you written notice requiring you to do so;

13.2.3 the **Property** is destroyed or demolished without our consent;

13.2.4 you become bankrupt or unable to pay your debts;

13.2.5 any **Guarantor** dies, becomes bankrupt or becomes unable to pay their debts, unless there is a replacement **Guarantor** which is acceptable to us;

13.2.6 the **Property** becomes subject to a compulsory purchase order, or it is acquired or requisitioned by any authority legally entitled to do so;

13.2.7 you abandon the **Property**;

13.2.8 any security for the **Mortgage** becomes unenforceable; or

13.2.9 you have been guilty of any fraud or have dishonestly provided us with misleading information in relation to the **Mortgage**.

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

#### **14. Our remedies**

- 14.1 If the **Total Debt** has become due and payable under any of the circumstances stated in **Condition 13**, you will be in default in terms of the **1970 Act** and we shall have the right to exercise any of the powers given to lenders by the **Acts** and any other legislation.
- 14.2 In addition to the remedies specified in the **1970 Act**, when the **Total Debt** becomes immediately due and payable under **Condition 13**, we may do one or more of the following:-
- 14.2.1 take possession of the **Property** and require you to leave it;
  - 14.2.2 sell the **Property** by any method we reasonably consider appropriate (including selling in parts), taking into account the nature of the **Property** and its condition at the time of sale or disposal;
  - 14.2.3 so far as permitted by the **1970 Act**, let the **Property**, furnished or unfurnished, at such a rent and on such terms as we reasonably think fit or bring any letting to an end;
  - 14.2.4 repair, alter or improve the **Property** as we reasonably think fit, in order to preserve the **Property** or our security;
  - 14.2.5 employ any agents or workmen for the above-mentioned purposes.
- 14.3 No purchaser or other person dealing with us need enquire whether the **Total Debt** has become immediately due and payable or whether any power has become exercisable, or to check on the use made of any money paid to us.
- 14.4 If we sell the **Property** and the amount we obtain for it (after deducting all our expenses) is insufficient to repay the **Total Debt**, you agree, independently of any other **Conditions**, to pay us the shortfall with **Interest** calculated in the manner set out in **Condition 6**.
- 14.5 Our powers and remedies contained in the **Mortgage** are in addition to and are not instead of any other powers and remedies that we have by law and including (but not limited to) those powers and remedies available to us under the **Acts**. We will not be stopped from exercising any power given to us by law if we have already exercised any powers given in the **Mortgage**.

#### **15. Redemption**

- 15.1 Subject to **Condition** 15.2, you may pay off the **Mortgage** at any time by repaying the **Total Debt** (together with **Interest** up to the date of repayment and including any **Fees** and **Costs**) and any early repayment charges specified in the **Mortgage Offer**. You must also pay us any **Costs** that we have to pay any third party (such as the Land Register of Scotland) in connection with the redemption.
- 15.2 We may require you to repay all other mortgages you have with us before we release the security given to us by the **Mortgage**.

**16. Mistakes**

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

changed your financial position to your disadvantage, as a result of the error, at a time when you were not aware of it.

**17. Furniture, etc.**

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

**18. Life Policies**

18.1 This **Condition** applies to every **Life Policy** that may be used from time to time to secure obligations under the **Mortgage**. Your **Mortgage Offer** will indicate whether a **Life Policy** is required and whether we require an assignation or a deposit of the policy with us. In the event that you do not for any reason keep up any **Life Policy** taken out in relation to an interest-only mortgage, we reserve the right (but are not under any obligation) to convert your **Mortgage** to a repayment mortgage under **Condition** 5.5. (Please see **Condition** 5.2 for meanings of interest-only and repayment mortgages.)

18.2 If we require a **Life Policy** as security and we do not have an assignation of it, the policy will be treated as deposited with us as an additional security for repayment of the **Total Debt**. The **Policy Owner** appoints us to be their attorney so that we can assign, surrender or sell or otherwise deal with the policy or the policy money in accordance with **Condition** 18.5. The **Policy Owner** cannot revoke this appointment unless and until the **Total Debt** is repaid.

18.3 The **Policy Owner** agrees and confirms as follows:-

18.3.1 to assign the **Life Policy** to us (if we so require);

18.3.2 to pay on time all premiums and other money necessary for keeping the **Life Policy** in force;

- 18.3.3 to produce to us (if we ask) receipts for payments of premiums;
  - 18.3.4 not to do anything or permit anything to be done which would make the **Life Policy** invalid.
  - 18.3.5 not to give or attempt to give to any other person any interest in the policy or proceeds of the **Life Policy**; and
  - 18.3.6 to do everything necessary to keep the **Life Policy** in force. If the **Life Policy** does become invalid the **Policy Owner** will do everything necessary to put into force a new policy on the same life or lives and for the same amount as in the old policy. For the purposes of the **Mortgage** and these **Conditions** any new policy will automatically take the place of the old one and if it is not assigned to us it will be treated as deposited with us.
- 18.4 If you are not the **Policy Holder** you must ensure that the **Policy Holder** carries out his or her obligations under **Condition** 18.3.
- 18.5 If there is any failure by the **Policy Owner** to comply with **Condition** 18.3 or if we are able to exercise our power of sale in respect of the **Property** we may also do any of the following (so far as applicable, depending on the type of **Life Policy** concerned):-
- 18.5.1 surrender the **Life Policy** to the insurers;
  - 18.5.2 exchange it for a fully paid **Life Policy**;
  - 18.5.3 make such other arrangements as we may reasonably think fit for realising the value of the **Life Policy**;
  - 18.5.4 arrange for the sale of the **Life Policy**;
  - 18.5.5 make such other arrangements with the insurer as we reasonably decide.
- 18.6 Any money that we receive in respect of the **Life Policy** at any time or for whatever reason will be used to reduce or discharge the **Total Debt**.



- 18.7 If the **Total Debt** is repaid we will, if requested (and subject to **Condition 18.8**), release the **Life Policy** back to the person entitled to it so that we no longer have any right to the policy. Any **Costs** that we incur in doing this must be paid by the person entitled to the policy.
- 18.8 If the **Total Debt** is repaid to us we may (with the agreement of the **Policy Owner**) keep the **Life Policy** to be used in connection with the payment of other money that we may have lent to you or that we may lend to you by a new mortgage. In this case the conditions that will govern that mortgage will then apply.
- 18.9 The **Policy Owner** (when this is not you) agrees not to compete with us in claiming the **Life Policy** or any money payable on it until the **Total Debt** has been repaid in full.
- 18.10 The **Policy Owner** confirms and agrees that no money has been or will be borrowed from the insurer by the **Borrower** or the **Policy Owner**, and that no money has been or will be borrowed from any source by the **Borrower** or the **Policy Owner** or any other person under any option or privilege conferred by or in connection with the **Life Policy**.
- 18.11 We will be entitled to keep any commission we receive from the sale of the **Life Policy**.

## 19. **Guarantors**

- 19.1 Your **Mortgage Offer** may require you to provide a **Guarantor** for your **Mortgage**. By signing the **Standard Security** or a separate Guarantee, the **Guarantor** agrees to pay your **Total Debt** if you fail to do so and agrees to this **Condition 19**.

**BY GIVING A GUARANTEE, THE GUARANTOR MAY BECOME LIABLE INSTEAD OF, OR AS WELL AS, YOU. A GUARANTOR SHOULD TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING THE STANDARD SECURITY OR A SEPARATE GUARANTEE.**

- 19.2 If there is a **Guarantor**, then the following provisions apply:-

19.2.1 The **Guarantor** agrees with the Society to be equally as responsible as you for all your obligations to us under the **Mortgage**, and to pay us on

demand any sums of money due from you under the **Mortgage** but unpaid, including all amounts comprising the **Total Debt**.

19.2.2 Any arrangements that we make with you will not affect the obligations of the **Guarantor** to pay your **Total Debt** if you fail to do so. In particular, the liability of the **Guarantor** will not be affected whether or not:-

- (a) we have made a previous demand, or the **Guarantor** has made a previous payment;
- (b) we allow you or the **Guarantor** additional time to make any payment or any other concession;
- (c) we take any other security in relation to the **Total Debt**, or any such security is not enforceable for any reason;
- (d) you (or any of you) or any person comprising the **Guarantor** dies, becomes insolvent or incapable of managing their affairs; or
- (e) anything else happens, or any action is taken or not taken, which might (apart from this **Condition**) affect the liability of the **Guarantor**.

19.2.3 The **Guarantor** does not have any rights or interests in any money held by us or acquired by us, whether from you or any other source, towards the reduction of the **Total Debt**.

19.2.4 The **Guarantor** agrees:-

- (a) not to share in any security we have or take any security from you or any other person in connection with this guarantee;
- (b) not to enforce any right or pursue any claim against the **Borrower** or any other persons in respect of the **Mortgage**; and
- (c) not to make any claim which would compete with ours,

unless and until the **Total Debt** has been repaid in full.

19.2.5 The **Guarantor** will not be responsible for any **Loan** other than the original **Loan** or **Interest** relating to any additional **Loan** unless the **Guarantor** has consented to that additional **Loan** in writing.

19.2.6 Unless the **Guarantor** agrees otherwise, the **Guarantor's** liability is limited to the amount of the original **Loan** together with all **Interest**, **Costs** and **Fees** forming part of the **Total Debt** (which relate to that **Loan**).

19.2.7 If there is more than one **Guarantor**, each **Guarantor** is separately responsible for the whole of the obligations and liabilities of the **Guarantor** under the **Conditions**.

19.2.8 Our rights against any **Guarantor** are independent of, and additional to, any other security we have for the **Total Debt**. We do not have to use our rights in respect of any other security before using our rights to claim against the **Guarantor**.

19.2.9 No failure or delay by us in using any of our rights against the **Guarantor** will prevent us from using those rights in the future.

19.2.10 We may hold any money we receive from a **Guarantor** in a separate suspense account.

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

## **20. Transfer of the Mortgage**

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

20.2 In connection with such a transfer:-

- 20.2.1 if it is a full transfer of your **Mortgage**, you will cease to be a member of the Society in respect of the **Mortgage**, and our **Rules** will cease to apply (although if the transferee is a building society, you may become a member of the transferee, in which case its rules will apply);
  - 20.2.2 we may disclose any information relating to you and the **Mortgage**;
  - 20.2.3 unless the terms of the transfer state otherwise, the person to whom we transfer the **Mortgage** will be able to exercise all the rights and powers that we could exercise before the transfer; and
  - 20.2.4 your rights under the **Mortgage** will not be affected.
- 20.3 This **Condition** does not apply to a transfer of the **Mortgage** on a merger between us and another building society, or to a transfer of our business to a company under the Building Societies Act 1986. Instead, the provisions of that Act will apply.

## 21. Notices

- 21.1 If we have to serve on you a letter or other document (or, subject to Condition 21.5, another form of personal notice) under this **Mortgage** it will be in writing and sent to your registered address or other address last known to us.
- 21.2 If we send a notice in the post you are deemed to have received it by the time specified in the Society's **Rules** or, if the **Rules** no longer apply (by virtue of **Condition** 20.2.1), 48 hours after we have posted it regardless of the class of post used.
- 21.3 If there is more than one of you, then if you share the same address, we will send a single copy of the notice addressed to each of you. If you have different addresses, we will send a copy of the notice to each address.
- 21.4 If we, accidentally, fail to:-
  - 21.4.1 send to you a communication intended for our borrowers generally or a category of our borrowers of which you are one; or
  - 21.4.2 display a notice at our Principal Office or any branch office

this will not make the notice invalid.

21.5 In **Conditions** 7.2, 12.6 and 24, a reference to “personal notice” means a letter or (if you have agreed with us that we are to contact you in this way) email or other forms of electronic communication. If a personal notice does not reach you because of circumstances outside of our reasonable control (such as post or electronic communications systems failure), this will not prevent the changes referred to in those **Conditions** from being put into effect.

## **22. General**

22.1 If we decide to relax any of the terms of the **Mortgage**, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.

22.2 If we cannot enforce any term of the **Mortgage**, this will not stop us from enforcing the others. Each term is separate from the others.

## **23. Which law applies?**

The **Mortgage** is governed by the law of Scotland.

**24. Changes to these Conditions**

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

**25. Which language?**

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

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