Mortgage Terms and Conditions January 2022

England and Wales

Terms and Conditions – Buy to Let Mortgages

Introduction

Quantum Mortgages Limited (**we**, **our**, the **Lender** and its successors and certain other persons including any transferee; anyone who is entitled to exercise our rights because of an amalgamation or take over; anyone who is entitled to exercise our rights because of a reorganisation of our group; and any other person who is for the time being entitled by law to the benefit of the loan or the mortgage) have issued these Terms and Conditions, together with the Offer Letter, Mortgage Deed and Guarantee which govern our relationship with you (the **Borrower**, being each and every person named in the Offer Documents) in respect of the provision of any Advance. These Terms and Conditions form part of the Security Documents and should be read in conjunction with any other conditions provided in the Security Documents. These Terms and Conditions shall continue to apply after an Advance is made to you for so long as any part of such Advance remains outstanding.

1 Definitions and interpretation

1.1 Terms defined in the Offer Letter, Mortgage Deed and Guarantee shall, unless otherwise defined in these Terms and Conditions, have the same meaning in these Terms and Conditions. In addition, the following definitions apply in these Terms and Conditions:

Advance means any sum or sums to be advanced by the Lender to the Borrower under the Offer, or varied by a Subsequent Offer;

Affiliate means: (a) a subsidiary of the Lender; (b) a holding company of the Lender; or (c) a subsidiary of the Lender's holding company, and 'holding company' and 'subsidiary' have the same meanings in this paragraph as they do in section 1159 of the Companies Act 2006;

Agreement means the agreement between the Lender and Borrower for the Loan. The Agreement is made up of all the terms set out in the documents listed or referred to in condition1;

All Other Debt means any money other than the Amount Owed which the Borrower owes the Lender or any of its Affiliates under any existing agreement made with the Lender which is secured over any other land or building (other than the Property) (for example, another mortgage the Borrower has with the Lender) or any future agreement made with the Lender or any of its Affiliates after the Completion Date;

Amount Owed means the total amount that the Borrower owes the Lender from time to time under the Agreement including the Advance and any Additional Borrowing you have not repaid and unpaid Capital, Interest, Fees and Expenses;

Availability Period has the meaning given to it in the Offer Letter;

Bank Base rate means the official Bank of England base Rate for Sterling for the relevant period, displayed on the appropriate page of the Reuters screen (or, such other page as the Lender may specify) as of 11.00 am on the first day of an Interest Period for the offering of sterling deposits in an amount comparable to the Loan and for a period comparable to that Interest Period, except in the event of a Market Disruption when the Lender will determine the rate with reference to the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Lender at its request by leading banks in the London Interbank Market;

Bank Base rate date means in respect of any Loan or Unpaid Amount and any Interest Period, the date that is the first day of the Interest Period for which the bank base rate has been determined for the relevant Advance and for the duration of such Interest Period;

Base Rate means the base lending rate of The Bank of England for the time being;

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London;

Compensation Prepayment Proceeds means the proceeds of all compensation and damages for the compulsory purchase of, or any blight or disturbance affecting, any Property;

Completion Date means the date on which any Advance is, or is to be made; Conditions Precedent means the conditions precedent set out in the Offer Letter;

Default means an Event of Default or any event or circumstance specified in condition 14 which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Offer Documents or any combination of any of the foregoing) be an Event of Default;

Delegate means any person appointed by the Lender or any Receiver under condition 16 and any person appointed as attorney of the Lender, Receiver or Delegate;

Disposal means any sale, transfer, assignment, charge or other disposition;

Environment means the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man- made structures above or below the ground) and any living organisms (including man) or systems supported by those media;.

Environmental Law means all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes in so far as they relate to or apply to the Environment;

Environmental Licence means any authorisation, permit or licence necessary under Environmental Law in respect of any of the Property;

Event of Default means any event or circumstance specified as such in condition 13 of the Mortgage Conditions and actionable under condition 14 of the Mortgage Conditions;

Expenses means those expenses listed in condition 9;

Fee Tariff means the table showing fees that may be payable by the Borrower, as provided by the Lender from time to time;

Force Majeure means the happening of events outside the control of the parties, for example, natural disasters or the outbreak of hostilities;

Guarantee means the document by which the Guarantor agrees to discharge the obligations of the Borrower to the Lender under the Offer Documents;

Guarantor means any person who issues a guarantee, indemnity or other form of assurance to the Lender or grants Security to the Lender in each case in respect of any of the obligations of the Borrower to the Lender under the Offer Documents

Headlease means a lease under which the Borrower holds title to any part of the Property;

Indebtedness means any obligation for the payment or repayment of money whether actual or contingent present or future incurred as principal or as surety;

Insurance Policy means each contract or policy of insurance effected or maintained by the Borrower from time to time in respect of the Property.

Interest means the interest the Lender charges on the Amount Owed or any part or parts of the Amount Owed;

Interest Payment Date means the date specified for the payment of interest on the Loan in the Offer Letter;

Interest Period has the meaning prescribed to it from time to time by the Lender in relation to the calculation of Bank of England base rate and the prevailing Interest attributable to the Loan as provided for in the Offer Letter;

Lease means any lease, licence, tenancy, or other occupational arrangement granted for occupation of any part of the Property at any time;

Lender means Quantum Mortgages Limited;

Loan means the initial Advance made to the Borrower and any additional borrowing that the Lender provides the Borrower now or in the future;

LPA 1925 means the Law of Property Act 1925;

Market Disruption means in relation to the funding of a Loan for any Interest Period, if the Lender determines, at or around 12:00pm on the first day of any Interest Period, that either:

(a) because of circumstances affecting the Bank Base rate generally, adequate and reasonable means do not, or will not, exist for ascertaining Bank base rate for that Interest Period; or

(b) matching deposits are not likely to be available to it in the London Interbank Market in the ordinary course of business to fund that Loan for that Interest Period;

Material Adverse Effect means, in the opinion of the Lender, a material adverse affect on:

(a) the business, operations, assets, condition or prospects of the Borrower or any Guarantor; or

(b) the ability of the Borrower or any Guarantor to perform its obligations under the Offer Documents; or

(c) the value or enforceability of any Security, guarantee or indemnity granted or purported to be granted pursuant to any Offer Document;

Mortgage Deed means the document by which you give us security over the Property for the Advance;

Offer means the buy to let loan facility offered to the Borrower in the Offer Letter or extended or varied by a Subsequent Offer;

Offer Documents means the Offer Letter, Subsequent Offer Letter, each Security Document, each Guarantee, indemnity or other form of assurance by the Borrower or any Guarantor to the Lender in respect of any of the obligations of the Borrower, each notice from the Borrower requesting the Loan or an advance and each other document designated as an Offer Document by the Lender;

Offer Letter means the letter issued by the Lender to the Borrower setting out details of the Offer, including without limitation the fees payable by the Borrower, and incorporating these terms and conditions and, where the context allows, to include the Subsequent Offer Letter;

Planning Acts has the meaning given to it in section 336 of the Town and Country Planning Act 1990;

Property and Charged Property means the charged property which is subject to the security created by the Mortgage Deed, including any parts of it, and as defined in the Offer Letter;

Receiver means a receiver and or manager of any or all of the charged Property;

Rent means the aggregate of all amounts paid or payable to or for the account of the Borrower in connection with the letting, licence or grant of other rights of use of occupation of any part of a Property, including each of the following amounts:

(a) rent licence fees and equivalent amounts paid or payable;

(b) any sum received or receivable from any deposit held as security for performance of a tenant's obligations;

(c) a sum equal to any apportionment of rent allowed in favour of the Borrower;

(d) any other moneys paid or payable in respect of occupation and/or usage of that Property and any fixture and fitting on that Property including any fixture or fitting on that Property for display or advertisement, on licence or otherwise;

(e) any sum paid or payable under any policy of insurance in respect of rent or interest on rent;

(f) any sum paid or payable, or the value of any consideration given, for the grant, surrender, amendment, supplement or extension of any Lease;

(g) any sum paid or payable in respect of a breach of covenant or dilapidations under any Lease;

(h) any sum paid or payable by or distribution received or receivable from any guarantor of any occupational tenant under any Lease;

(i) any Tenant Contributions; and

(j) any interest paid or payable on, and any damages, compensation or settlement paid or payable in respect of, any sum referred to above less any related fees and expenses incurred (which have not been reimbursed by another person) by the Borrower;

Rent Account means the Borrower's account which receives the Rent from time to time;

Request means a request for an Advance from the Borrower to the Lender, substantially in the form provided by the Lender;

Secured Liabilities means all present and future monies, obligations and liabilities of the Borrower to the Lender, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Offer or the Mortgage Deed, together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities;

Security means a mortgage, charge, pledge, lien or other right in security or security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

Security Document means:

(a) the Mortgage Deed

(b) the Guarantee

(c) the Terms and Conditions

(d) any document executed by the Borrower or any Guarantor which confers Security on the Lender for the purpose of (among other things) securing the obligations and liabilities of the Borrower to the Lender under the Offer Documents;

(e) any other document designated as such by the Lender;

Security Period means the period starting on the date of the Mortgage Deed and ending on the date on which the Lender is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding;

Subsequent Offer means the variation or extension of the buy to let loan facility set out in the Subsequent Offer Letter and amending that originally offered to the Borrower in the Offer Letter;

Subsequent Offer Letter means a letter issued by the Lender to the Borrower setting out details of the Subsequent Offer, including without limitation the fees payable by the Borrower, and incorporating these terms and conditions;

Tax means any tax levy passed duty or other charge of withholding of a similar nature (including any penalty or any interest payable in connection with any failure to pay for delay in paying any of the same);

Tax Deduction means a deduction or withholding for or on account of tax for the payment of the underfinanced document;

Tenant Contribution means any amount paid or payable to the Borrower by any tenant under a Lease or any other occupier of a Property, by way of:

(a) contribution to:

i ground rent;

ii insurance premium;

iii the cost of an insurance valuation;

iv a service or other charge in respect of the Borrower's costs in connection with any management, repair, maintenance or similar obligation or in providing services to a tenant of, or with respect to, a Property; or

v a reserve or sinking fund; or

(b) VAT;

Unpaid Amount means any sum or amount which is not paid on its due date by the Borrower under the Offer Letter, these Terms and Conditions or any other Offer Document;

Valuation means at any time the then most recent valuation of the Borrower's interests in the Property by the Valuer, supplied at the request of the Lender and addressed to the Lender and prepared on the basis of the market value (as that term is defined in the then current Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors);

Valuer means such surveyor or valuer as may be appointed by the Lender, or by the Borrower (with the consent of the Lender) from time to time; and

VAT means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

1.2 Unless otherwise specified, any reference in the Offer letter to:

1.2.1 any document or agreement (including any Offer Document) is deemed to include a reference to such document or agreement as amended, novated, supplemented, substituted or replaced from time to time;

1.2.2 the parties shall where the context so admits be deemed to include their respective successors permitted assigns and/or transferees;

1.2.3 a provision of a statute is unless otherwise indicated deemed to include a reference to such provision as amended modified or re-enacted from time to time;

1.2.4 the singular where the context so admits is deemed to include the plural and vice versa;

1.2.5 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;

1.2.6 a person is deemed to include a reference to a company partnership unincorporated body and any other entity and vice versa; and

1.2.7 a document in the **agreed form** is a reference to a document in a form approved prior to the date of the Offer Letter and for the purposes of identification signed by or on behalf of each party.

1.3 Headings are for ease of reference only and shall not affect the interpretation of any provision of the Offer Letter or these conditions

The following conditions apply to the Offer Letter, and where appropriate, the Mortgage Deed.

1 The Agreement

The Agreement between the Lender and the Borrower is made up of:

1.1.1 the Borrower Declaration;

1.1.2 the Offer Documents; and

1.1.3 the Tariff of Fees, and includes any amendment to any of the above made under the provision of these General Mortgage Conditions (together all these terms are referred to as the **Agreement**).

1.2 The Lender may, from time to time, agree with the Borrower in writing changes to the terms and conditions of this Agreement or make changes to the terms and conditions of this Agreement for any of the following reasons:

1.2.1 to respond to changes in the Borrower's circumstances;

1.2.2 to take account of changes in the costs of running the Lender's business;

1.2.3 to provide additional services or to take into account changes in how the Lender operates this Agreement;

1.2.4 to reflect changes in industry practices;

1.2.5 to meet the Lender's legal and/or regulatory obligations;

1.2.6 to correct errors, omissions, inaccuracies or ambiguities; or

1.2.7 to reflect changes in the Lender's systems, processes or as a result of the introduction of new technology provided that the Lender reasonably believes that the change will not be materially disadvantageous to the Borrower over the mortgage term. The Lender will tell the Borrower about such changes by writing to the Borrower and giving the Borrower no less than 30 days' notice before the change takes effect.

1.3 If there are any differences between these Mortgage Conditions and the Offer Letter, Offer Letter will always take priority.

1.4 The Mortgage is granted by the Borrower (or the guarantor) for the repayment of the whole and each and every part of the Amount Owed and All Other Debt.

1.5 The Mortgage Deed is the Lender's continuing security for the Amount Owed and All Other Debt. The Mortgage Deed will stay in force until the Amount Owed and All Other Debt is repaid in full.

2 Purpose

2.1 The Borrower shall apply the Loan for the purpose specified in the Offer Letter.

2.2 The Lender is not obliged to monitor or verify the application of any amount borrowed pursuant to the Offer Letter.

3 Completion

3.1 The Borrower's solicitor may request an Advance by delivering a Request to the Lender no later than seven Business Days prior to the proposed Completion Date.

3.2 The notice in condition 3.1 above must specify:

3.2.1 the proposed Completion Date (being a Business Day within the Availability Period);

3.2.2 the amount of the proposed Advance; and

3.2.3 the account to which the proposed Advance should be credited.

3.3 Each such request shall be irrevocable.

3.4 Where the Loan is for the purchase or remortgage of a property, the Loan will be advanced to the Lender's solicitors by CHAPS payment one Business Day prior to the Completion Date notified. Interest will be charged from this date per condition 7. A CHAPS fee will be payable by the Borrower and will be deducted from the mortgage advance prior to completion of the Loan (as specified in the Fee Tariff).

4 Conditions Precedent to Drawdown

4.1 The Borrower's solicitor may not deliver a Request to the Lender until:

4.1.1 the Lender has received each of the documents and evidence specified in the Conditions Precedent, in a form and substance acceptable to it;

4.1.2 the Borrower confirms to the Lender and the Lender (acting in its absolute discretion) is of the opinion that no Default has occurred and is continuing or would result from the Loan being made available to the Borrower; and

4.1.3 the Borrower confirms to the Lender that each of the representations and warranties contained in condition 10 is true and accurate in all material respects.

4.2 Drawdown of the Offer will not be available to the Borrower until the Lender is satisfied in its absolute discretion with the information and evidence provided pursuant to condition 3.1 above.

5 Offer of Loan

5.1 The Lender may withdraw the offer set out in the Offer Letter and decline to make the Advance in one or more of the following circumstances (the Lender can do this immediately and without telling the Borrower but will notify the Borrower about withdrawal of the offer if they reasonably can):

5.1.1 the Loan is not advanced within three months of the Offer Letter being issued;

5.1.2 there is a change to the Borrower's status, or any non-disclosure by the Borrower of material facts, or the Lender becomes aware of any information which if known earlier may have influenced its decision to lend;

5.1.3 the direct debit mandate is not accepted by the paying bank;

5.1.4 the direct debit mandate is not from a UK based bank from which payment will be made;

5.1.5 the Borrower has supplied any false, inaccurate or misleading information or made any false, inaccurate or misleading statement in connection with the application for the Loan;

5.1.6 the Lender has reasonable grounds to believe that the application may be in any way fraudulent;

5.1.7 the approved solicitor does not confirm to the Lender (in a manner satisfactory to the Lender) that the title to the Property meets the Lender's criteria and/or is good and marketable;

5.1.8 the Borrower dies or proposes a Voluntary Arrangement under the Insolvency Act 1986 or has a Bankruptcy Order made against the Borrower under that act or petitions the court for the Borrower's own bankruptcy or, if the Borrower is a company, a petition is presented to wind up the Borrower; a receiver, administrative receiver, administrator or liquidator is appointed over all or part of the Borrower's Property or business or any proposal is made for an arrangement in connection with the Borrower's debts;

5.1.9 the Borrower breaches any of the terms of the Offer Letter (including these conditions);

5.1.10 there has been a significant detrimental change in the Borrower's health which has an impact on their ability to afford the Loan; and

5.1.11 in the case of Force Majeure.

5.2 If for any reason the Loan is no longer required, the Borrower should notify the Lender and the solicitor without delay.

5.3 In the event that the need arises to amend the Offer Letter then, at the discretion of the Lender, this may be effected either by issuing a revised Offer Letter or by an amendment in writing.

6 Repayment, prepayment and cancellation

6.1 The Borrower shall repay the Amount Owed in full in accordance with the repayment terms in the Offer Letter.

6.2 If it becomes unlawful for the Lender to perform any of its obligations under the Offer Letter or to fund the Loan or any Advance:

6.2.1 on the Lender notifying the Borrower of such fact, the Offer will be immediately cancelled; and

6.2.2 the Borrower shall repay the Loan on the date specified by the Lender (being no earlier than the last day of any applicable grace period permitted by law).

6.3 The Borrower must apply the following amounts in prepayment of the Loan and any other amounts due to the Lender under the Offer Letter:

6.3.1 the amount of proceeds from any disposal of the Property;

6.3.2 the amount received by the Borrower under a refinance of the Property;

6.3.3 any proceeds received by the Borrower under any insurance policies; and/or

6.3.4 the amount of Compensation Prepayment Proceeds.

6.4 If the Borrower wishes to repay all or part of the Loan early, or the Loan is caused to be repaid, then an amount additional to the amount repaid, or becoming payable, may be payable. An early redemption charge may be applied in line with any specific product terms as provided for in the Offer Letter.

7 Interest

7.1 Interest will accrue daily on the Amount Owed on each day at the applicable interest rate set out in the Offer Letter.

7.2 Interest will start accruing from and including the date that the Advance is made up to and including the date the Amount Owed is repaid in full. If in any month the Lender lends any further money to the Borrower, interest will accrue on that further money from and including the day it is lent or released to the Borrower, their creditor(s) or their legal adviser.

7.3 If the Borrower fails to pay any other money which is owed to the Lender when they are obliged to, interest will accrue on that money from and including the date on which the Borrower should have paid it until it is paid.

7.4 Interest will accrue daily and interest accruing up until the last calendar day of the month and will be added to the Borrower's account in arrears on this date. Interest accruing in the month or part of the month in which the Amount Owed is repaid in full will be added to the account on the day on which the Amount Owed is repaid in full.

7.5 If the Borrower has not paid the Lender the interest which has accrued in any month or part of a month at the start of the next month, the Lender will charge interest on the interest that the Borrower has not paid at the applicable interest rate set out in the Offer Letter. This may occur in some cases if the monthly payment is not sufficient to pay all the interest accrued in the relevant month.

7.6 The Lender will continue to charge the Borrower interest at the at the applicable interest rate set out in the Offer Letter even after any court order requiring the Borrower to pay the whole or any part of the Amount Owed.

7.7 Mortgage payments will be collected on the 1st of each month and may include interest up till the last business day of the month in which completion takes place. After the first mortgage payment has been collected, borrowers can choose to have payments collected on the 15th of each month.

7.8 Interest will be calculated on the basis of 1/12th of the annual interest rate per calendar month and charged in arrears.

7.9 Notwithstanding condition 7.8, where payment is required for a period of less than one month, the amount charged will be calculated using a daily 360ths calculation and applied on the next Interest Payment Date.

7.10 Bank Base rate shall be reset on a monthly basis on a date determined by the Bank of England.

7.11 If interest is linked to Bank Base rate, it will change automatically to reflect changes in Bank Base Rate on the date of the Bank Base rate change.

7.12 The Lender may at its discretion vary any variable interest rate:

7.12.1 if there has been a material change in Bank of England base rate or in interest rate levels generally;

7.12.2 to take account of a change in law or decisions or guidance by a court, ombudsman, regulator or similar body;

7.12.3 to reflect a change in the general practice of lenders;

7.12.4 in line with any specific product terms; or

7.12.5 to reflect a change in the cost to the Lender of providing its services to the Borrower due to market events beyond the control of the Lender.

7.13 If any change in the rate of interest occurs after the Offer Letter is issued, but prior to the Completion Date the revised rate will apply and the Lender may give the Borrower notice of the change and any subsequent change in payments.

7.14 Interest is charged from the Completion Date but will cease to accrue if and when funds are returned to the Lender by CHAPS. No interest is charged where the Borrower's solicitor returns the funds by CHAPS within one working day of transmission by the Lender.

8 Increased Costs

8.1 Subject to condition 8.3, the Borrower shall on reasonable notice by the Lender, pay to the Lender the amount of any Increased Costs incurred by the Lender as a result of:

8.1.1 the introduction of or any change in (or in the interpretation or application of) any law or regulation; or

8.1.2 compliance with any law or regulation made after the date of the Offer Letter.

8.2 In these conditions, Increased Costs means:

8.2.1 an additional or increased cost; or

8.2.2 a reduction or any amount due and payable under any Offer Document, which is incurred or suffered by the Lender to the extent that it is attributable to the Lender having entered into the Offer or funding or performing its obligations under any Offer Document.

8.3 Condition 8.1 does not apply to the extent any Increased Cost is attributable to the wilful breach by the Lender of any law or regulation.

8.4 If the Borrower is required by law to make any deduction or withholding, including without limitation a tax deduction, the amount of the payment due from the Borrower shall be increased to an amount which (after making any such deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.

9 Costs and expenses

9.1 The Borrower shall pay to the Lender on demand the amount of all costs and expenses (including legal fees) reasonably incurred by the Lender in connection with:

9.1.1 the Agreement;

9.1.2 enforcing its legal rights under the Agreement;

9.1.3 perfecting, protecting or enforcing the Lender's Security under any Security Document;

9.1.4 putting right any failure by the Borrower to keep to the Agreement; and

9.1.5 any administration costs in doing any work in connection with the Agreement.

9.2 All Expenses will be added to the Amount Owed by the Borrower. The Lender's Expenses will bear interest at the rate of interest specified in the Offer Letter from the date that the Lender has asked for them to be paid.

9.3 The Borrower shall pay to the Lender such fees as may be specified in any Offer Document on the dates and in the amounts specified in that Offer Document.

10 Representations and warranties

The Borrower and each Guarantor represents and warrants to the Lender that:

10.1 In respect of the Borrower and each Guarantor:

10.1.1 independent legal advice has been obtained by each Guarantor;

10.1.2 if it is a body corporate (including a limited liability partnership) it was duly incorporated in and is validly existing under the laws of its jurisdiction of incorporation;

10.1.3 it has power to own its assets and to carry on its business as it is being conducted.

10.1.4 in the case of any personal Borrower or Guarantor , they have the legal capacity to act as a Borrower or as a Guarantor; and

10.1.5 that they are not an undischarged bankrupt, have not entered into a scheme or arrangement with their creditors or are the subject of a bankruptcy petition or other analogous order or instrument.

10.2 Each Offer Document is in full force and effect and the obligations expressed to be assumed by each of the Borrower and each Guarantor in each Offer Document to which the Borrower or that Guarantor is a party are legal, valid, binding and enforceable obligations.

10.3 The entry into and the performance by the Borrower and each Guarantor of, and the transactions contemplated by, the Offer Documents to which the Borrower and/or that Guarantor is a party do not and will not conflict with:

10.3.1 any law or regulation applicable to the Borrower or that Guarantor; or

10.3.2 its constitutional documents (if any); or

10.3.3 any agreement or instrument binding on it or any of its assets, nor oblige the Borrower or that Guarantor to create any Security over any of its assets (other than under a Security Document).

10.4 The Borrower and each Guarantor has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into performance and delivery of, the Offer Documents to which it is a party and the transactions contemplated by those Offer Documents.

10.5 The Borrower has not and no Guarantor has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Affect.

10.6 No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency is current or pending or, so far as the Borrower is aware, threatened against the Borrower or any Guarantor which if adversely determined could reasonably be expected to have a Material Adverse Affect.

10.7 Subject to items, mandatorily referred by law and any Security permitted under the terms of the Offer Letter, the Security Documents have or will have first ranking priority and are not subject to any prior ranking or pari passu ranking Security.

10.8 All information supplied by the Borrower to the Lender in connection with the Offer Documents was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it was stated.

10.9 Prior to the date of the Offer Letter the Borrower supplied to the Lender all information known to the Borrower which could reasonably be expected to be relevant to the person deciding whether to make loan facilities available to the Borrower.

10.10 No Event of Default has occurred and is continuing.

10.11 All the representations are made (or are deemed to be made and repeated) by the Borrower on:

the date of acceptance by the Borrower of the terms of the Offer Letter each Completion Date; and each Interest Payment Date.

10.12 Each representation deemed to be made after the date of acceptance by the Borrower of the terms of the Offer Letter shall be deemed to be made by reference to the facts and circumstances existing at the date the representation is deemed to be made.

11 Borrower Covenants

11.1 **Purpose**

The Borrower covenants that it shall apply the Loan for the purpose of a buy to let property which cannot at any time be occupied as a dwelling by the borrower or by a related person and is to be occupied as a dwelling on the basis of a rental agreement.

11.2 **Covenants in relation to the Property**

11.2.1 The Borrower shall keep the Property in good and substantial repair and condition and adequately and properly painted and decorated and all fixtures, implements and other effects owned by it and which are in or on the Property or elsewhere in a good state of repair and in good working order and condition.

11.2.2 If the Borrower fails or is considered by the Lender to have failed at any time to comply with the obligations set out in condition 11.2.1 it shall be lawful for the Lender or its agents or contractors to:

(a) upon giving reasonable notice (save in the case of an emergency) enter the Property during normal business hours with or without agents; and

(b) carry out such works and take such steps as the Lender may determine (acting reasonably) are necessary to remedy or rectify the failure, the fees costs and expenses of taking any such action referred to in this condition 11.2.2 will be reimbursed by the Borrower to the Lender promptly upon demand. Nothing contained in this condition 11.2.2 shall render the Lender liable to account as mortgagee in possession.

11.2.3 The Lender may, at the Borrower’s cost maintain with a reputable insurer which is acceptable to the Lender such insurances against such risks and at such levels in relation to the property (never being less than the full reinstatement value of the Property) in an amount and form acceptable to the Lender.

11.2.4 The Lender’s interest must be noted on the policy together with confirmation from the insurer that the policy will not be allowed to lapse without prior notification to the Lender and the policy must contain a non- invalidation and non-vitiation clause a waiver of the rights of subrogation of the insurer as against the Borrower and the Lender and a first loss payee clause in such terms as the Lender may require in respect of insurance claim payments otherwise payable to the Borrower.

11.2.5 The Borrower shall promptly notify the Lender of:

(a) the proposed terms of any future renewal of any insurance policy;

(b) any material variation or termination avoidance or cancellation of any insurance policy made or to its knowledge threatened or pending; and

(c) any claim and any actual or threatened refusal of any claim under any insurance policy.

11.2.6 The Borrower shall comply with the terms of all insurance policies.

11.2.7 The Borrower shall not do or permit anything to be done which may make void or voidable any insurance policy.

11.2.8 The Borrower shall comply with all reasonable risk improvement requirements of its insurers.

11.2.9 The Borrower shall ensure that each premium for insurance is paid promptly and in any event prior to the commencement of the period of insurance for which that premium is payable.

11.2.10 The Borrower shall ensure that all other things necessary are done so as to keep each of the insurance policies in force and not terminate any such policies without the Lender’s consent.

11.2.11 On or prior to the request for an Advance, the Borrower or the Borrower’s solicitors shall provide a copy of the policy schedule or alternatively confirm the following details in relation to the policy: name of insurance company, policy number, renewal date, index linked sum insured, and confirmation that the insurer is a member of the Association of British insurers and/or authorised and regulated in the United Kingdom by the Prudential Regulation Authority.

11.2.12 Evidence of payment of the current annual premium must be provided by the Borrower to the Lender on request.

11.2.13 The Borrower will be required, where applicable, reimburse the cost of the Lender taking out contingency insurance in respect of any loss to the Lender as a result of any inadequacy in the insurance arranged.

11.2.14 The Borrower shall obtain observe and renew all such authorisations consents and licences which are required:

(a) in relation to the Property; and

(b) under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Offer Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Offer Document.

11.2.15 Other than in respect of the grant of any tenancy which complies in all respects with condition 11.2.20 the Borrower shall not without the prior written consent of the Lender:

(a) grant or agree to grant any new Lease;

(b) waive, release or vary any of the terms of any Lease or accept any surrender of any Lease or exercise any power to determine or extend the same under any break option or otherwise;

(c) create or agree to create any overriding interest in respect of the Property;

(d) agree to any rent reviews (save where upwards only) on any Lease;

(e) give any licence or approval or consent under any Lease to assign or otherwise; or

(f) forfeit or otherwise take any action to treat any Lease as terminated or otherwise bring any such lease to an end prior to its stated expiration date.

11.2.16 The Borrower shall comply with the covenants contained in the Lease granted in relation to the Property, including any consent or licence required to be given by the Landlord in relation to the grant of any tenancy agreement.

11.2.17 The Borrower shall, if so required by the Lender, enforce all covenants contained in any Lease or Headlease in relation to the Property.

11.2.18 The Borrower shall properly perform and/or comply with (and indemnify and keep indemnified the Lender in respect of any breach of) any conditions, restrictions, stipulations, burdens and servitudes of whatsoever nature affecting the Property.

11.2.19 The Borrower shall punctually pay or cause to be paid and shall indemnify and keep indemnified the Lender against all existing and future rents, taxes, duties, fees, renewal fees, charges, assessments, impositions and outgoings whatsoever whether imposed by deed or by statute or otherwise and whether in the nature of capital or revenue and even though of a wholly novel character, which now or at any time during the continuance of the Security constituted by or pursuant to the Offer Documents are payable in respect of the Property or any part thereof.

11.2.20 Throughout the duration of the Loan, the Property shall not be occupied by the Borrower or their family members. Further, only two categories of tenancy are acceptable to the Lender. In broad terms, the Property may be let to:

(a) natural persons provided the Borrower complies with these conditions and Section A below; or

(b) a 'corporate body', provided the Borrower complies with these conditions and Section B below.

Section A – This section A applies if the Borrower wishes to let the Property (or part of it) to one or more natural persons.

A1 Assured Shorthold Tenancies

A1.1 The Borrower may only let the Property under assured shorthold tenancies as defined by Section 19A of the Housing Act 1988 (the **Act**).

A1.2 Each tenancy agreement must:

(a) be in writing;

(b) require the rent to be paid monthly;

(c) be either a monthly periodic tenancy (that is rent is payable monthly and the tenancy runs indefinitely from one monthly rental period to the next) or be for a fixed term of at least six but not more than twelve months;

(d) prohibit the tenant from both taking in lodgers or otherwise parting with or sharing possession of the Property or from using it as anything other than a residential dwelling; and

(e) not contain any provision to the effect that the tenancy is not an assured shorthold.

A2 Single/Multiple Occupation

A2.1 The Borrower may let the Property in one of two ways:

(a) as a whole under a single tenancy (this may be to one tenant or a number of joint tenants); or

(b) under a number of separate tenancies provided each tenancy qualifies as a let of a separate dwelling under the Acts (the solicitor can advise the Borrower on this point) and, if accommodation is shared, paragraph A2.2 must be complied with.

A2.2 Where tenants have their own separate accommodation (for example a bedroom and living room) but also have to share accommodation (for example a bathroom and kitchen) with others, then each tenancy must include:

(a) an exclusive right to occupy specific separate accommodation consisting of at least a bedroom; and

(b) a right to use the shared accommodation.

A3 Private Tenancies

A3.1 Any tenancy agreement which prevents it being an assured shorthold tenancy due only to the level of rent payable by the tenant must be reported to the Lender and further instructions awaited prior to completion.

Section B – This section B applies if the Borrower wishes to let the Property (or part of it) to a corporate body.

B1 Acceptable Corporate Tenants

B1.1 The Borrower may only let the Property to (referred to in this section as an **acceptable corporate tenant**):

(a) a limited company incorporated under the Companies Acts with its registered office in England, Wales, Scotland or Northern Ireland;

(b) a limited liability partnership incorporated under the Limited Liability Partnership Act 2000 with its registered office in England, Wales, Scotland or Northern Ireland; or

(c) such other incorporated or other legal structure to which the Lender has given its prior written consent

B2 Terms of Approved Lease

B2.1 The Borrower may only let the Property to an acceptable corporate tenant under a fixed term lease for a term of no more than three years in the first instance, or such longer period as the Lender may agree in writing.

B2.2 In addition to paragraph B2.1, any lease to an acceptable corporate tenant must:

(a) require the acceptable corporate tenant to pay the rent at monthly intervals;

(b) require the Property to be used as a residential dwelling only;

(c) prohibit the tenant from occupying it or from using it for any business purpose; and

(d) prohibit the tenant from parting with possession of the Property or allowing any person to occupy it other than an individual or individuals whose rights of occupation do not extend beyond the term granted to the acceptable corporate tenant.

11.2.21 Subject always to the overriding effect of condition 11.2.20 (which prevents the mortgage securing a regulated agreement as defined by the Consumer Credit Act 1974 (as amended)), the Legal Charge shall be security not only for the Loan and other money it provides for, but shall also secure all money which may be, or become, owing by the Borrower (and where there is more than one Borrower, any of them) to the Lender on any account. The Lender may, at its discretion, refuse to release any property held as security for the Indebtedness of the Borrower until all amounts owing by the Borrower (or where there is more than one Borrower, any one of them) to the Lender have been paid.

11.2.22 Title to the Property must be vested in the name of the Borrower and, where there is more than one Borrower, in the names of all of the Borrowers jointly prior to completion of the Loan.

11.2.23 The Borrower must execute a first legal charge over the Property in favour of the Lender and, where appropriate, any ancillary documents including any personal guarantees over each director's assets.

11.2.24 The Borrower should note the Lender's requirements and that this condition 11.2 remains for the duration of the Loan. Should the Borrower wish to sell off flats or part of the security in future, any such proposal must be referred to the Lender in the first instance for approval.

11.3 **Compliance with laws**

During the period of the Loan, the Borrower shall at all times comply in all respects with all laws (including without limitation any law or regulation concerning the protection of health and safety and the environment) to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under the Offer Documents; and promptly notify the Lender of any notice or order (or proposal for the same) in respect of the Property and promptly and at its own cost take all necessary steps to comply with them or (if required by the Lender) make such representations or appeals and/or take such steps as the Lender may require.

11.4 **Notice of Event of Default**

The Borrower shall promptly give notice to the Lender of the occurrence of any Default.

11.5 **Information Undertaking**

The Borrower shall promptly provide such financial information on the Guarantors and such information on the Property as the Lender may require and request from time to time.

11.6 **Pari passu ranking**

The Borrower shall ensure that at all times its payment obligations under the Offer Documents rank at least pari passu with all their other present and future unsecured payment obligations (but for the avoidance of doubt without prejudice to any terms in these conditions).

11.7 **Tax**

The Borrower shall punctually pay all rates, tax, levy, import duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) due and payable by it.

11.8 **Further Assurance**

The Borrower shall at all times act in good faith with regard to its obligations under the Offer Letter and at any time (upon the Lender's written request) take all steps necessary:

11.8.1 to render effective and valid any Security Document or any right or power intended to be created under any Security Document but which is or may be ineffective or invalid;

11.8.2 to perfect or protect any Security Document or to facilitate its enforcement or realisation;

11.8.3 to protect the Lender's position under any Offer Document; or

11.8.4 in connection with the Lender's exercise of any of its rights or powers under (or in relation to) any Offer Document.

11.9 **Negative Pledge**

In this condition 11.9, **Quasi-Security** means an arrangement or transaction described in condition 11.9.2 below.

11.9.1 Neither the Borrower nor any Guarantor shall create or permit to subsist any Security over the Property.

11.9.2 Neither the Borrower nor any Guarantor shall:

(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re- acquired by the Borrower or any Guarantor (as appropriate);

(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Indebtedness or of financing the acquisition of an asset.

11.9.3 Conditions 11.9.1 and 11.9.2 above do not apply to any Security or (as the case may be) Quasi-Security, listed below:

(a) the Security created under the Security Documents;

(b) any lien arising by operation of law and in the ordinary course of trading; or

(c) any Security that is released prior to the Completion Date.

11.10 **Negative covenants**

The Borrower shall not without the prior written consent of the Lender:

11.10.1 incur any Indebtedness secured against the Property;

11.10.2 make any loans, grant any credit (save in the ordinary course of business) or give any guarantee, indemnity or other assurance against loss to or for the benefit of any person and which requires the Property as collateral;

11.10.3 make any application for any planning permission or for the alteration of an existing planning permission or enter into any agreements or undertakings under any Planning Acts;

11.10.4 make any alterations whatsoever to the Property and if the Lender gives its consent it may impose conditions in relation to the carrying out of such alterations as are in the Lender's discretion necessary to preserve the value of the Property and the Lender's security thereon;

11.10.5 part with possession or occupation of the Property or any part of it nor confer any lease, sublease, underlease, licence, tenancy, subtenancy, holiday letting or right to occupy or possess nor confer any interest in the Property or any part of it;

11.10.6 grant any permission to assign, underlet or part with possession or occupation of the Property or any part of it;

11.10.7 accept or agree to accept the surrender of any lease, licence, tenancy or holiday letting of the Property or any part of it;

11.10.8 agree or permit any amendment to or waiver of the terms of any lease, licence, tenancy or holiday letting of the Property or any part of it;

11.10.9 exercise any power to determine any lease, licence, tenancy or holiday letting of the Property or any part of it;

11.10.10 other than a tenancy that complies in all respects with condition 11.2.20 allow to subsist any lease, sublease, underlease, licence, tenancy, subtenancy, holiday letting, occupation or possession of the Property or any part of it; or

11.10.11 other than a tenancy that complies in all respects with condition 11.2.20 allow for any lease, sublease, underlease, licence, tenancy, subtenancy, holiday letting, occupation or possession of the Property or any part of it to be created or granted.

11.11 **Change in circumstances**

If prior to completion of the Loan there are any changes to the circumstances of the Borrower or any Guarantor or director where the Borrower is a limited company they must be communicated to the Lender without delay.

11.12 **Change to the Property**

If prior to completion of the Loan there are any material changes to the Property, they must be communicated to the Lender without delay. The Lender reserves the right to re-inspect the Property and revise the Offer Letter accordingly.

11.13 **Avoidance of Fraud**

11.13.1 The Borrower must report to the Lender full details of the transaction to which the Offer Letter relates. The Borrower's solicitor will be requested to verify the information the Borrower provides.

11.13.2 The Borrower authorises his solicitor to disclose to the Lender any information or documentation which the solicitor or Lender may consider relevant in the Lender's decision to lend. The Borrower waives any duty of confidentiality or privilege which may otherwise exist between him and the solicitor in relation to the mortgage transaction whether arising prior to release of the Loan or at any time after completion of the Loan. The Borrower's solicitor's file will be considered as jointly owned between the Lender and the Borrower and the complete file including the financial records and ledgers must be made available to the Lender, if so requested, at any time before or after completion of the Loan.

11.13.3 The Borrower should note that the Lender will undertake fraud audits and check details with fraud prevention agencies, and if false or inaccurate information is given or the

Lender suspects fraud the Lender will record this and may require the Loan to be repaid in full.

11.13.4 If fraud is suspected, a criminal prosecution will be pursued and/or a report made to the relevant prosecution authorities and regulatory bodies.

12 Valuation

12.1 A copy of the Valuation obtained by the Lender may be issued to the Borrower as a courtesy. The report has been obtained for the sole benefit of the Lender and will confer no rights on the Borrower against the Lender or the Valuer. The Valuation is not a survey, (nor is it sufficient to confirm actual compliance with the Health and Safety Rating System under Part 1 Housing Act 2004), and the duty of the Valuer is limited to advising the Lender as to the suitability of the Property as security for the Loan.

12.2 Neither the Lender nor the Valuer therefore accept responsibility for the workmanship, construction or condition of the Property or its suitability or statutory compliance for letting which are matters upon which the Borrower must satisfy itself. Any defects referred to in the Offer Letter or Valuation was apparent to the Valuer when the inspection was made but the Valuer does not carry out a full structural survey, nor test the services. There may be defects in the Property which would only be revealed by a full structural survey. The Borrower is therefore strongly advised to arrange for a full structural survey to be carried out before entering into any commitment to purchase the Property, or take a loan secured on it and the Lender cannot accept any responsibility for any loss or damage suffered by the Borrower as a result of failing to arrange such a survey.

12.3 Neither the Lender nor the Valuer make any representation or warranty that the purchase price is a fair price for the Property and the Borrower must rely on his own investigations and enquiries and be satisfied with the price being paid.

12.4 Should completion of the Loan not take place within six months of the original date of inspection by the Valuer, a revaluation of the Property will be required. The Lender will contact the Borrower or its solicitor to ensure that the Loan is still required and will then make arrangements for the revaluation. A revaluation fee (at the then current rate) will be payable by the Borrower at the time of revaluation request.

12.5 The valuation figure provided in the Valuation is based on the assumptions stated or implied in the Valuation. The Lender must be informed immediately by the Borrower and/or the solicitor if any of these are not correct. The Lender may at its discretion refer the matter to the Valuer and a re-inspection may be required.

12.6 The Lender may, at its sole discretion and at the cost of the Borrower, arrange a reinspection or audit valuation of the Property prior to the Completion Date.

13 Events of Default

13.1 Each of the following events shall be an Event of Default:

13.1.1 if the Borrower or any Guarantor fails to make payment of any amount payable by it under a Offer Document in the manner and at the time provided unless its failure to pay is caused by administrative or technical error and in such circumstance payment is made within ten (10) Business Days of its due date;

13.1.2 if any representation or warranty or statement made by the Borrower or a Guarantor in an Offer Document or any other document delivered by or on behalf of the Borrower or a Guarantor under or in connection with any Offer Document is or proves to have been incorrect or misleading in any respect when made or deemed to be made;

13.1.3 if the Borrower or any Guarantor fails to perform any of its covenants and/or obligations under an Offer Document and if capable of remedy such failure remains un-remedied within ten (10) Business Days after the earlier of notice from the Lender to the Borrower requiring such failure to be remedied and the Borrower becoming aware of the failure to perform;

13.1.4 if any Indebtedness of the Borrower or any Guarantor becomes due and payable or capable of being declared due and payable prior to its due date and is not paid on such date or the Borrower or any Guarantor fails to pay on its due date any sum payable the Borrower or any Guarantor or steps are taken by any person to enforce any Security pursuant to any Indebtedness of the Borrower or any Guarantor;

13.1.5 if the Borrower or any Guarantor stops payment of its debts or ceases or threatens to cease to carry on its business or becomes insolvent or is unable to pay its debts as they fall due or is deemed unable to pay its debts or has a moratorium declared in respect of its debts or enters into any arrangements with its creditors generally;

13.1.6 if the Borrower or any Guarantor is declared or declares himself bankrupt or becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due or its net worth (as verified and certified by a chartered accountant) at any time whilst the Loan remain outstanding falls below the level of guarantee provided under the guarantee provided by any Guarantor in favour of the Lender;

13.1.7 if any step is taken with a view to:

(a) the winding up, dissolution, administration or any analogous procedure (in any jurisdiction) in respect of the Borrower or any Guarantor;

(b) the appointment of a receiver, trustee in bankruptcy, liquidator, administrator or other similar officer of the Borrower or any Guarantor or their respective assets; or

(c) the rescheduling of the debts of the Borrower or any Guarantor pursuant to a re-organisation voluntary arrangement or otherwise;

13.1.8 if any steps are taken to enforce any Security of the Borrower or any Guarantor.

13.1.9 if it becomes unlawful for the Borrower or any Guarantor to perform all or any of its obligations under a Offer Document or any Offer Document ceases to be legally binding valid and enforceable;

13.1.10 if the Borrower or any Guarantor repudiates a Offer Document or evidences an intention to repudiate a Offer Document;

13.1.11 if the borrower or any guarantor who is an individual dies;

13.1.12 if the Borrower or any Guarantor is convicted of fraud or an indictable-only offence or the Lender reasonably believes that the Borrower or any Guarantor has been involved in fraudulent or serious criminal behaviour;

13.1.13 the cessation for any reason of any consent, authorisation, licence and/or exemption which is required to enable the Borrower to carry on its business, or the taking by any governmental, regulatory or other authority of any action in relation to the Borrower which could, in the Lender's opinion have an adverse effect on all or part of such business;

13.1.14 if any part of the Property is destroyed or damaged and in the opinion of the Lender taking into account the amount and timing of receipt of the proceeds of insurance effected in accordance with the terms of the Offer Letter the destruction or damage has or may adversely affect its Security;

13.1.15 if all or part of the Property is compulsorily purchased or the applicable local authority makes an order for such compulsory purchase, there is any major damage to the Property or any tenant defaults in its material obligations under any Lease;

13.1.16 if forfeiture proceedings with respect to a Lease or Headlease are commenced or a Lease or Headlease is forfeited;

13.1.17 if there is at any time a change in the legal or beneficial ownership of any of the issued shares in the Borrower or any shareholder of the Borrower (where that shareholder is a body corporate);

13.1.18 if any shareholder of the Borrower (where that shareholder is a body corporate) undergoes a change of control or enters into arrangements pursuant to which a change of control will occur other than a transfer to another group company where the ultimate parent undertaking remains the same; or

13.1.19 if any other matter comes to the attention of the Lender which in the Lender's opinion may adversely affect its Security.

13.2 If an Event of Default occurs the Lender may, by written notice to the Borrower:

13.2.1 declare that all outstanding Loans together with accrued interest and all other amounts accrued or outstanding under the Offer Documents be immediately due and payable, whereupon they shall become immediately due and payable;

13.2.2 declare that all outstanding Loans be payable on demand, whereupon they shall immediately become payable on demand by the Lender; and/or

13.2.3 exercise any or all of its rights, remedies, powers or discretions under the Offer Documents.

13.3 If the Borrower or any Guarantor fails to pay any amount payable by it under a Offer Document on its due date, additional fees may become payable, as provided in the Fee Tariff.

14 Enforcing the Lender's rights

14.1 In this condition 14, **Act** means the Law of Property Act 1925.

14.2 If any of the events in condition 13 happen, the Lender may demand that you immediately pay us the Amount Owed and you must make immediate payment of the Amount Owed to the Lender.

14.3 Under section 101 of the Act, the Loan will become due and our legal power of sale will arise as soon as the Borrower signs the Mortgage Deed. The Lender will only use this power if any of the events in condition 13 happen.

14.4 If any of the events in condition 13 happen, which give the Lender the right to demand that you immediately pay the Amount Owed, the Lender may:

14.4.1 take possession of the Property or if the Property is let, collect any rent payable;

14.4.2 exercise its right to sell the Property. The Lender's power to sell the Property is free from any of the restrictions in section 103 of the Act. The Lender may sell the Property whether or not it has repossessed it;

14.4.3 appoint a receiver under condition 15 below;

14.4.4 vary the terms of, end, review or accept the surrender of leases or tenancies over the Property;

14.4.5 grant leases or tenancies of the Property on whatever terms the Lender chooses free of the restrictions of section 99 of the Act; and

14.4.6 exercise all other powers conferred on the Lender as a mortgagee under the Act.

14.5 If any of the All Other Debt is immediately payable by the Borrower, even if the Borrower has paid off all the Amount Owed, the Lender may do any of the things and exercise any of the rights referred to in condition 14.4.

14.6 If the Property has been mortgaged in a way that gives someone else a first claim on it, or someone has an interest in it ahead of the Lender's Mortgage Deed, the Lender has the right to buy out the other person's rights. The Lender may do so at any time:

14.6.1 after giving the Borrower notice to demand that it pay the debt; or

14.6.2 as soon as any powers under the claim or interests have come into force.

The Borrower will be fully bound by any agreement the Lender reaches with the other person. The Borrower will have to pay back any money the Lender has spent on buying out that other person's rights when the Lender asks the Borrower for it.

14.7 The Lender or its agent may at any time enter and inspect the Property and do any work which it thinks is necessary to put right any failure by the Borrower to keep to the Agreement. If the Lender takes any action under this condition 14, it does not mean that the Lender has accepted the legal responsibilities as if the Lender had repossessed the Property. Apart from in an emergency, the Lender will give the Borrower at least 7 days' notice of our intention to enter the Property.

15 Appointing a Receiver

15.1 In this condition 15, **Act** means the Law of Property Act 1925.

15.2 At any time after the Lender has demanded payment of any of the Amount Owed by the Borrower or after the Borrower have broken any terms of the Agreement or after any of the All Other Debt has become immediately payable, the Lender may appoint a receiver. The Lender has the right to appoint any person (or people) as a receiver to manage the Property. The Lender must make the appointment in writing.

15.3 The receiver may be the Lender's employee or anyone else the Lender chooses. The Lender has the right to decide what the receiver will be paid, to change the receiver at any time and to appoint another one if the Lender believes it is reasonable to do so.

15.4 The receiver will act as the Borrower's agent and only the Borrower are responsible for their costs and actions. The Borrower is also liable for any contracts they make or enter into. The receiver may do any of the following in the Borrower's name and as the Borrower's agent:

15.4.1 have any or all of the powers of a receiver appointed under the Act;

15.4.2 enter and repossess the Property;

15.4.3 sell the Property;

15.4.4 carry out any repairs, alterations and improvements to the Property;

15.4.5 let the Property on any reasonable terms;

15.4.6 allow any person who holds the lease to the Property to give up the lease on any reasonable terms;

15.4.7 manage the Property, and do anything else arising as a result of managing the Property which a receiver may or can do legally as the Borrower's agent;

15.4.8 insure the Property for any amounts and against any risks and through any agency as he or the Lender see fit;

15.4.9 sell any of the fixtures on their own or together with the Property;

15.4.10 remove, store, sell, save or otherwise get rid of any furniture or goods the Borrower fails to remove from the Property;

15.4.11 pay any Interest and Expenses;

15.4.12 take any action in the Borrower's name or otherwise as may seem appropriate;

15.4.13 exercise all powers and authorities which he or the Lender shall think fit to exercise. The Borrower agrees that the Lender may confer any powers and authorities which the Lender could give if the Lender was the actual beneficial owner of the Property; and

15.4.14 do anything else the law allows in connection with the Property.

15.5 The money the receiver receives will be used as follows:

15.5.1 to pay the receiver's expenses;

15.5.2 to pay the receiver's fees at the rate the Lender agrees with the receiver from time to time; and

15.5.3 to pay off the rest of any amounts the Borrower owe the Lender (including the Amount Owed and All Other Debt).

The receiver does not have to use the money he receives to pay off Interest before repaying the Loan or otherwise to pay off the Amount Owed or All Other Debt in any particular order.

15.6 If any of the Borrower's belongings are removed, the Borrower must pay the Lender in full for any reasonable costs reasonably incurred in removing, storing or selling them (including any claims other people make relating to removing or dealing with those items) when the Lender asks the Borrower. If the Lender sells anything, the Lender would take those costs from the proceeds and pay the Borrower what is left but if the proceeds are insufficient to pay the Lender's costs, the Borrower must pay us the shortfall in full when the Lender asks the Borrower.

16 Money held on the Borrower's behalf under another Mortgage

If any of the events in condition 13 happen and:

16.1.1 the Lender is holding any money on the Borrower's behalf pursuant to a power of sale or power to appoint a receiver in relation to another property owned by the Borrower or any one or more of the Borrowers which is mortgaged to the Lender; and

16.1.2 the money so held by the Lender exceeds the amount required to discharge the debt relating to that mortgage,

the Lender can (but is not obliged to) use that money which it is holding on the Borrower's behalf to repay the Amount Owed.

17 Joint and Several Liability and Guarantees

17.1 Where there is more than one Borrower, references to the **Borrower** shall include references to all or any of them. All Borrowers must jointly own the legal interest in the Property and are liable individually and jointly and will sign the mortgage deed as joint borrowers.

17.2 Whether the Borrower comprises two or more persons:

17.2.1 each Borrower is individually responsible for following the terms of the Agreement and for ensuring that the Amount Owed is repaid;

17.2.2 if any of them dies, becomes bankrupt, is subject to any insolvency proceedings or lacks mental capacity this will not affect the liability of the remainder of them; and

17.2.3 references to the Borrower's liabilities include liabilities of any one or more of them.

17.3 Where the Borrower is a company or other corporate entity the lender requires that each director of the Borrower gives a personal guarantee to the lender in the lenders standard form on a joint and several basis in respect of the Borrower's liabilities to the lender.

17.4 Where there is more than one Guarantor, references to the **Guarantor** shall include references to all or any of them

18 Payments

18.1 All payments made by the Borrower under the Offer Letter shall be made by Direct Debit from a UK clearing bank account (approved by the Lender) in the Borrower's name in pounds sterling in immediately available cleared funds by close of business on the day immediately before the due date and in full without any deduction withholding set-off or counterclaim to the credit of such account as the Lender may specify to the Borrower.

18.2 Early payments or overpayments may be made penalty free provided such payments do not amount to a part or full redemption of the Loan. Part redemption will be an amount greater or equal to the lesser of £1,000 (one thousand pounds sterling) and 5% of outstanding Loan, at which level the fees noted in the Fee Tariff will become payable subject to unless stated otherwise in offer document

19 The Lender's right to transfer

19.1

19.1.1 From time to time, the Lender may or may agree to, sell, transfer, assign, charge or otherwise dispose of, in whole or in part, any Loan, Mortgage or other related security to any person or organisation.

19.1.2 The Borrower agrees to each Disposal under condition 19.1.1 that the Lender may make and understands and agrees that the Lender may do so without giving notice to the Borrower and without their consent.

19.1.3 The Borrower understands that a Disposal under condition 19.1.1 typically involves the Lender transferring all or some of the rights under the Loan, Mortgage or the related security to another person or organisation.

19.1.4 The Borrower agrees that the Lender may provide (i) information about their mortgage application and any supporting documentation, (ii) information about their Mortgage, Loan and any related security, (iii) any other information relating to the Property, (iv) information about the history and conduct of Mortgage, Loan and any related security, (iii) any other information relating to the Property, (iv) information about the history and conduct of the Borrower's Account, (v) the results of any statistical, monitoring or quality analysis activity that they may carry out on the Borrower's account from time to time and (vi) any other relevant information, (a) to any such person or organisation who does, or the Lender believes wishes to, enter into any Disposal with the Lender or who does or wishes to fund or otherwise be involved in any Disposal; (b) to any purchaser or potential purchaser of the Lender or any person who does or wishes to fund or otherwise be involved in any such purchase; and (c) to any person who was previously the Lender under this Agreement.

19.1.5 The Lender may provide that information at any time on, prior to or after any actual or potential Disposal under condition 19.1.1. The Borrower understands that the Lender may provide such information to any such person or organisation including, but not limited to, credit reference agencies for the purpose of quality analysis.

19.1.6 The Borrower agrees that any transferee or assignee who has become the legal owner of the Loan or Mortgage may change the Tariff of Mortgage Charges applicable to their Loan and may set the Standard Variable Rate of Interest (if any) charged on the Loan independently of the rate set by the outgoing lender and any previous transferee or assignee.

19.2 The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Offer Documents.

20 Further conditions for the Offer

20.1 **Administration of the mortgage**

Unless the Lender notifies the Borrower otherwise, the mortgage will be administered on the Lender's behalf by the Lender's appointed professional intermediary company. This means that correspondence with the Borrower in relation to the Offer will be sent by them on behalf of the lender and that the professional intermediary will deal with any enquiries or concerns the Borrower may have in relation to it.

20.2 **References and credit reference agency searches**

All references and credit reference agency searches obtained in support of the application for the Loan must be conducted less than three months prior to the Completion Date. In cases where the references and/or credit reference agency searches are or will be over three months old, the Lender may obtain new references/credit reference agency searches, which must be satisfactory to the Lender, prior to release of funds.

20.3 **Power of attorney**

All forms, deeds and documents must be executed by the Borrower and may not be executed pursuant to any power of attorney.

20.4 For the purpose of securing the Lender's interest in the Property, the Borrower appoint us and any receiver appointed by us to be the Borrower's attorney. The attorney will be legally entitled to act on the Borrower's behalf and the attorney's acts will bind the Borrower as though the Borrower had done such acts itself.

20.5 The Borrower agrees to sign any document and do anything else which the Borrower reasonably request you to do in order to:

20.5.1 perfect or improve any security created or intended to be created for the repayment of the Amount Owed by you and All Other Debt;

20.5.2 help the exercise by the Lender of any of its powers under the Mortgage; and

20.5.3 protect, manage or sell the Property or any other security for the repayment of the Amount Owed and All Other Debt.

20.6 Under the power of attorney the Lender may execute any document or do anything which the Borrower is required to do under the Mortgage Conditions.

20.7 The Lender will not be liable for anything which is done under the power of attorney unless we have failed to use reasonable care in exercising the power.

20.8 The power of attorney that the Borrower gives the Lender in this condition 20 cannot be cancelled while any of the Amount Owed and All Other Debt is still outstanding.

20.9 **Communication with the Borrower**

All telephone calls between the Borrower and the Lender, whether before or after the Completion Date, may be recorded and monitored by the Lender for evidential purposes.

20.10 Instructions from the Borrower

20.10.1 In dealing with the Loan after completion, the Lender will accept written instructions bearing the Borrower's signature. This includes where instructions are sent by email or facsimile. The Lender will be entitled to act on any written instructions which appear to it to be genuine.

20.10.2 The Lender will also accept instructions by telephone and may agree with the Borrower security procedures which may be agreed over the telephone. By using the facility to give instructions by telephone, the Borrower agrees to any security procedures the Lender may have provided to him/her. The Lender will be entitled to act on any instruction where it has followed these security procedures. This applies whether or not the instructions were actually given by the Borrower.

20.10.3 The Lender may refuse to implement an instruction if it has reasonable grounds to doubt the authenticity of the instruction or believes that in doing so it may breach any law, regulation or other obligation.

20.10.4 The Borrower must keep all security procedures, codes and identifiers secret and take all reasonable care to prevent their unauthorised or fraudulent use.

20.10.5 Where there is more than one Borrower, the Lender may accept instructions (whether by telephone or in writing) from any one of them unless otherwise agreed.

20.10.6 Where there is more than one Borrower, on the death of any of them the Lender can accept instructions from any survivor or survivors.

20.11 **Force Majeure**

The Lender will not be liable to the Borrower for any loss the Borrower may suffer if the Lender fails to perform any of its obligations under the Offer or conditions as a direct or indirect result of anything outside of the Lender's reasonable control. This includes, but is not limited to, industrial dispute, failure or fluctuation of power or telecommunications supply or any equipment or error in any software, error or lack of clarity in the Borrower's instructions, failure or delay in the supply of services to the Lender by a third party. The Lender will not under any circumstances whatsoever be liable for any indirect losses or loss of profit.

20.12 **Introducer fees**

20.12.1 Where the Borrower has been introduced to the Lender by an introducer, that introducer may receive an introduction fee from the Lender.

20.12.2 The Lender will provide details of any fee paid by it to the introducer in the Mortgage Offer Letter.

20.13 **Postal address**

The Borrower's solicitor must provide the full postal address of the Property, inclusive of postcode, on or prior to the request for the advance.

21 Governing law and jurisdiction

21.1 The Agreement (and any non-contractual obligations arising out of it or in connection with it) shall be governed by, and construed in accordance with, the law of England and Wales.

21.2 The Borrower submits to the exclusive jurisdiction of England and Wales in relation to all claims, disputes, differences or other matters arising out of or in connection with the Agreement to which it is a party provided that nothing in this condition 21 shall prevent the Lender in its sole and unfettered discretion from commencing proceedings against the Borrower in any court of competent jurisdiction.