

MBS LENDING LIMITED
MORTGAGE CONDITIONS 2016
Ninth Edition

Effective from February 2019



NOTES TO BORROWERS

(Not forming part of the mortgage conditions)

The conditions in this booklet set out the standard terms and conditions relevant to your mortgage. Any special terms and conditions are set out in your offer.

It is recommended that you keep the documents safely together.

If at any time you have a problem in paying your mortgage you should not hesitate to contact us.

MBS LENDING LIMITED MORTGAGE CONDITIONS 2016

Your terms and conditions are made up of 3 parts.

Part 1 is your loan terms. This sets out the terms applicable to the money that we have loaned to you, including its repayment and how we will charge you interest and charges.

Part 2 is your mortgage conditions. This sets out the terms applicable to the security we have taken over your property, including what we may do with the property if you do not repay.

Part 3 sets out some general terms applicable to the relationship between you and us.

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Below is a summary of some of the key terms in this booklet. It is important that you read and consider the terms and conditions which apply along with your offer and any other documents we have provided to you. If there are any inconsistencies between these conditions and any offer, the offer will take priority.

Summary of Key Terms

monthly payments It is important that **you** pay to **us** the amount of the monthly payments set out in **your offer** on time at such times as agreed between **us**.

If **your** mortgage is a 'repayment mortgage', **your** monthly payments will include repayments of capital and interest.

If **your** mortgage is an 'interest only' mortgage, **your** monthly payments will only consist of the amount of the interest that has accrued and **you** will still have to repay all of the capital at the end of the mortgage term. It is very important that **you** make arrangements to repay the amount of capital at the end of the mortgage term and regularly check to ensure that **you** will be in a position to repay the capital by the end of the term.

interest **We** will charge **you** interest on the amount that **you** have borrowed at the **interest rate** set out in **your offer**.

Unless **your offer** states that **your interest rate** is fixed, **we** can vary the **interest rate** applicable to **your** mortgage for a number of reasons set out in condition 4 of these **conditions**. Please ensure that **you** have considered those reasons and understand that the amount **you** pay for **your** mortgage will increase (including **your** regular monthly payments) if **we** increase the **interest rate**.

We will give **you** notice if **we** intend to increase the **interest rate** and if **you** would prefer to repay **your** mortgage at that point **you** can, but **you** may have to pay an early repayment charge and other charges as set out in **your offer**. **We** do not have to give **you** notice if **we** decrease the **interest rate**.

early repayment You can repay **your** mortgage in full at any time. You may have to pay an early repayment charge and other charges if **you** repay **your** mortgage before the end of the term. The details of these charges are set out in **your offer**.

flexible features **Your** mortgage may be subject to a number of flexible features. Please refer to **your offer** for details of which flexible features below apply:

- (a) Payment holidays;
- (b) Lump sum payments;
- (c) Regular overpayments;
- (d) 10% repayment without early repayment charges.

immediate repayment In certain circumstances **we** can ask **you** to immediately repay to **us** all the money outstanding under the mortgage, such as if **you** miss two monthly payments. The full set of circumstances in which we may do this is set out in

condition 5 of these **conditions**.

Please make sure that **you** understand these reasons because if **we** ask **you** to repay all of the money outstanding under **your** mortgage under one of these **conditions** and **you** do not repay it then **we** could take further action against **you** including, if necessary, repossessing **your property**.

charges

We may make charges for items relating to **your** mortgage, services **you** ask **us** to provide or costs which may be incurred because **you** fail to comply with an obligation **you** have under these terms.

Our tariff is provided to **you** with these **conditions** and is available at any of **our** branches, on **our** website at www.themelton.co.uk or can be obtained by telephoning 01664 414 141. **We** can change these charges and the reasons why **we** may do this are set out in condition 6.1 of these **conditions**.

property obligations

Your mortgage will be secured over the **property** set out in **your offer**.

It is important that the **property** is kept in a good state of repair. Condition 9 of these **conditions** sets out some obligations on **you** in relation to maintaining the **property**, such as completing building work. You must also obtain **our** permission before **you** carry out certain actions in relation to the **property**, such as altering or extending it.

The **property** must be insured against the usual risks to a **property** (fire and flood for example) and for an amount that is sufficient to fully re-instate the **property** in the event that it is destroyed. **Your offer** will state whether it is **our** responsibility or **your** responsibility to do this. If **we** insure it on **your** behalf **you** will be responsible for paying the premiums.

action we may take

We or a receiver can take certain action in relation to the **property** if **you** breach these terms, for example if **you** fail to make **your** monthly payments. These actions are set out in condition 12 of these **conditions**. They include repossessing **your property** and selling it.

If a receiver is appointed by **us**, he will be acting on **your** behalf and **you** will be responsible for paying for his services.

Certain words used in the booklet have a special meaning. These are set out below:

| | |
|---------------------------------|--|
| 'you and your' | refers to a person who is a borrower . |
| 'our, us, we and lender' | refers to MBS Lending Ltd and includes our successors in title to the mortgage and anyone to which we transfer or assign the loan or mortgage to. |
| 'conditions' | mean the terms and conditions set out in this booklet and conditions in any offer and elsewhere in the mortgage documentation. |
| "guarantor" | means the person named in the mortgage as the guarantor and includes his personal representatives and the persons deriving title under him. |
| 'interest rate' | means the rate of interest shown in the offer or the new rate of interest if we change it in accordance with these conditions . |
| 'loan' | means any individual amount of money we have lent to you , or may lend to you , as set out in an offer , secured against the property . This may include for example, any additional borrowing and any other money you owe us at any time such as interest and unpaid fees and charges and insurance premiums. You may have more than one loan . |
| 'offer' | means any written offer of a loan sent to you which results in a loan being made to you . |
| 'property' | means the property which is security for the loan and where appropriate includes all or any part of the property . |
| 'tariff' | means our 'Charges' document which applies to your loan . The offer will state which tariff applies to your loan and you will receive the current version with these conditions . It is also available at any of our branches, on our website at www.themelton.co.uk or can be obtained by telephoning 01664 414 141. The tariff states the current amount of the charges which we may make under condition 5 of these conditions . The tariff is subject to change from time to time. |

PART 1 - LOAN TERMS

1 PAYMENTS

- 1.1 **You** must repay the loan to us by the end of the term set out in your offer.
- 1.2 **You** will make the payments set out in the **offer** until your mortgage is repaid. These payments will start in the month after the **loan** is advanced to you and will be due on the first day of the month if no other date has been arranged between you and us. These payments should be made by direct debit.
- 1.3 If the amount to redeem the loan is incorrectly calculated and that amount is paid to us then despite any receipt given, you (and the lender) will be liable to pay (or repay as the case may be) the difference between the amount paid and the amount which should have been paid.
- 1.4 If **you** have a 'repayment mortgage' you will have to make monthly payments that are made up of interest and capital loaned to you. Your payments will be calculated so that the whole mortgage plus interest is repaid by the end of term set out in your offer.
- 1.5 If **you** have an 'interest only' mortgage, **your** monthly payments will only be made up of interest. **You** will need to make a lump sum payment at the end of the term to repay all of the capital. It is **your** responsibility to ensure **you** will be able to repay the capital at the end of the term of an interest only mortgage. **You** should check this annually.
- 1.6 If **you** have an endowment policy, the insurer will indicate whether the policy is on target. If it indicates a potential shortfall, you have a number of choices to consider depending on **your** individual circumstances. For more information about why it is important for you to act now and your options, contact the Money Advice Service by telephone on 0300 500 5000 or see their free guide 'Dealing with an endowment shortfall' at www.moneyadviceservice.org.uk. If **you** need another type of repayment vehicle, **you** will not automatically receive information about whether it is on target to repay the **loan**. **You** may be able to get further information by approaching the product provider, if **you** remain in doubt about the position of **your** repayment vehicle, **you** should seek advice. We cannot provide information to assess whether there is a potential shortfall but we may be able to help you with information about options explained in the Money Advice Service Guide, such as switching to part repayment.
- 1.7 If **you** do not regularly review the savings plans which **you** maintain for the purpose of repaying the **loan** it is possible that the value of these will not be sufficient to repay the amount that was expected when the plan was taken out.
- 1.8 In certain circumstances we may vary the monthly payment amount. **We** may do this if:
- (a) there are changes to the **interest rate**,
 - (b) the balance of the **loan** changes, including where charges are added to the balance;
 - (c) there are changes in the amount of insurance premiums that **we** pay on **your** behalf;
 - (d) as a result of any compulsory change in law or regulation.
- 1.9 **We** will act reasonably in exercising **our** right to vary the monthly payments in these circumstances and will notify **you** of the revised monthly payment. **We** will tell **you** in advance in writing if your monthly payment amount is changing and when the first amended payment is due. The first amended payment will not be earlier than the day on which **you** usually make **your** payment.
- 1.10 If **we** receive any payment from **you** which is insufficient to pay in full what **you** owe to **us** **we** will apply the amount in the following order:
- (a) towards any arrears;
 - (b) to any interest and charges; and then

(c) to the rest of the **loan** owing.

1.11 If **we** or a receiver sell the **property** following enforcement action against **you**, **you** must still pay to **us** the shortfall between the sale proceeds and the amount that **you** owe to us. If the shortfall is not paid immediately **we** will apply interest at the **interest rate** until it is paid.

2 INTEREST

2.1 Each day **we** will calculate interest on **your loan** balance at the **interest rate** set out in **your offer**. The interest will be added to:

- (a) your outstanding balance on the last day of each calendar month;
- (b) the amount of any sum advanced or becoming owing by **you** to **us** from the date on which it was advanced or became owing;
- (c) on the amount of any costs becoming due in relation to the **loan** from the date they became due.

2.2 This means that if **you** do not make a payment on time, **you** will be charged interest at the **interest rate** on the unpaid interest that forms part of **your** outstanding balance.

2.3 Unless the **offer** states otherwise, interest accruing in the month in which the **loan** is made must be paid with the monthly payment which falls due in the following month.

2.4 Where only part of the **loan** has been made interest will not be charged on the part of the **loan** not yet made.

2.5 Where any sums are payable by **you** to **us**, for building or contents insurance or for mortgage payment protection insurance and those sums are not paid, interest will be charged on the unpaid amount from the following month at the **interest rate**.

2.6 **We** may keep separate accounts for any part of your **loan**.

3 INTEREST RATE CHANGES

3.1 A **loan** can last for a long time, so the levels of **our** interest and charges may change throughout the term. Therefore, unless **your interest rate** is stated in **your offer** to be fixed, **we** have the power to vary the **interest rate** for certain reasons.

3.2 **We** may at any time reduce the **interest rate** on the **loan** without notice to **you**, although if that results in a different monthly payment **we** will tell **you** about that before it is due.

3.3 Subject to any specific terms in **your offer**, **we** can increase the **interest rate** at any time where **we** reasonably believe that the increase is needed for any one or more of the following reasons:

- (a) to reflect a change in the Bank of England base rate, LIBOR or any other external reference rate;
- (b) to respond to changes to the cost of money which we have to borrow from time to time in order to finance our lending;
- (c) to reflect a change which has occurred in the interest rates charged by other mortgage lenders;
- (d) to respond to changes in the law, or the interpretation of the law or the decision of a court or ombudsman;
- (e) to respond to new (or changes to) statements or codes of practice or industry guidance designed to enhance consumer protection;

(f) to reflect changes to the way the property is used or occupied.

Any change **we** make to interest rates will be proportionate to the circumstances giving rise to the change.

- 3.4 **We** will give personal notice of any increase in the **interest rate** either before or as soon as possible after the increase is to take effect.
- 3.5 If **you** do not agree to the increase, **you** are able to repay the **loan** in full. **You** may have to pay an early repayment charge and any other charge as set out in **your offer**.
- 3.6 Where the whole or any part of the interest rate is agreed to be linked to another rate of interest for any period, and the other rate is one which is outside the control of the lender, conditions 3.3 and 3.4 above shall not apply to the interest rate (or to such part of it as is linked to the other rate). In any such case the interest rate (or the relevant part of it) will be varied, within a maximum period of 7 weeks, to match changes in the rate to which it is linked.

4 WHEN WE CAN ASK FOR REPAYMENT OF EVERYTHING YOU OWE US

- 4.1 In certain circumstances **you** will have to pay to **us** everything **you** owe **us** (the 'outstanding balance') all at once. **We** will only ask **you** to do this if:
- (a) **you** have failed to make payment of an amount of two or more of **your** monthly payments on any **loan**;
 - (b) **you** materially or persistently do not comply with any of **your** obligations (other than the payment of the **monthly payments**) to **us** under these **conditions**;
 - (c) **you** or a **guarantor** are made bankrupt;
 - (d) **you** enter into a voluntary arrangement (or propose to do so), or enter into an arrangement with **your** creditors, or an application is made for a provisional insolvency order against **you**, or a bankruptcy petition is made against **you**, or **we** think that one is going to be made, or **your property** is taken into trust for the benefit of **your** creditors;
 - (e) the **property** is compulsorily acquired (for example, a local authority forces you to sell **your property** to them);
 - (f) the **property** or any part is damaged and in **our** opinion the value and **our** security is lowered;
 - (g) **we** become aware of any misrepresentation in the information supplied to **us** by **you** (or on **your** behalf) when **you** applied for the **loan** which would have affected **our** decision to make the **loan**;
- (a) **you** die or in the case of joint **borrowers**, the last surviving one of **you** dies;
- (b) **you** sell or transfer the **property**.
- 4.2 If **you** do not repay everything **you** owe **us** all at once when requested and **we** obtain a Court judgment against **you** for that amount or part of it, **you** will pay interest on the amount of that judgment at the **interest rate** or a rate set by the Court.

5 INCURRING CHARGES

- 5.1 There are a number of specific charges which are set out in **your offer** and in the **tariff** which form part of the price of **your loan**. These will usually (but not always) be connected to specific costs for the operation of the **loan** or mortgage and where **you** ask **us** to provide a document or service in connection with the **loan** or mortgage, whether to **you** or anyone else.

- 5.2 There are also a number of general costs in addition to those noted in condition 5.1 which may arise throughout the life of the **loan**. These are usually incurred because **you** ask **us** to do something or **you** do not keep to **your** obligations under these **conditions**.
- 5.3 Examples of charges include (but are not limited to):
- (a) **Operation costs:** Charges may be incurred when **we**:
 - (i) supply or copy deeds or documents to **you** or anyone acting for **you**;
 - (ii) discharge **our** security or release the **property** or any **related rights** from **our** security;
 - (iii) release any title deeds;
 - (iv) process any request by **you** or anyone acting for **you** for any change in the terms of the **loan** or mortgage;
 - (v) give **you** or anyone authorised by **you** any assistance or information in connection with the **property**, the **loan** or the mortgage.
 - (b) **Legal costs:** Before the first **loan** is made we will set up a mortgage over the **property** to secure the **loan** and any future **loans**. **You** will be responsible for paying the legal costs of any conveyancer who undertakes **our** legal work in relation to the mortgage. The **offer** will state whether you are paying the whole or part of the legal costs involved in setting up the first **loan**.
 - (c) **Costs to safeguard our security:** **You** must pay **us** all reasonable costs which **we** incur to safeguard **our** security or because **you** fail to fulfil an obligation **you** have under the **loan** or the mortgage. Where **we** are able (based on **our** mortgage lending activities as a whole) to make a genuine pre-estimate of the expenses **we** are likely to incur, the amount of the charge will be set out from time to time in **our tariff** and will be limited to this amount. Where **we** are unable to make a genuine pre-estimate **we** will charge a reasonable amount together with any external costs which **we** may incur. Examples of activities that **we** may incur costs for are (but are not limited to):
 - (i) any legal proceedings and costs relating to the mortgage (this applies whether or not **you** are a party to the proceedings);
 - (ii) exercising any of the rights or powers given to **us** by law or these **conditions**;
 - (iii) recovering any of the outstanding balance;
 - (iv) insuring the **property** or checking that **any** insurance of the **property** which **you** have arranged is adequate for **our** purposes.
 - (d) **Arrears charges:** If **you** fall into arrears, then **we** will charge **you** arrears administration fees. The time from when **we** start charging these fees and the amount of these fees will be set out in **our tariff**. Arrears administration fees are calculated to cover **our** administrative costs in dealing with those arrears. Where arrears administration fees are charged, they will be added to **your loan** balance each month. Legal costs may also be charged and will be added to **your loan** balance if **we** have to take further action.
- 5.4 If **you** do not pay a charge **we** may add it to **your loan** balance if it is reasonable to do so. If **we** do this **we** will give **you** notice that a charge has been added to **your** account. **We** will not charge **you** interest on the charge and the addition of the charge will not result in **your** monthly payment being changed. **You** must pay any charges that have been added to **your loan** balance before the end of the term. All unpaid charges will remain at the end of the term and must be paid before the **loan** can be fully redeemed.

6 CHANGING OUR CHARGES

6.1 **We** may change **our** charges at any time. If the change is not to **your** advantage (for example, if **we** increase a charge or introduce a new one), **we** will only make the change for one of the following reasons:

- (a) to reflect changes in the costs which we reasonably incur in carrying out the relevant activities;
- (b) to reflect changes in the costs of us providing your loan and the services and facilities available on it (including changes in technology we use);
- (c) it is necessary to maintain our financial strength in the interests of all our customers;
- (d) to reflect changes in the law, or the interpretation of the law, decisions or recommendations of a regulator or similar person, or any code of practice applicable to the conduct of our business.

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

7 TELLING YOU ABOUT CHANGES TO OUR CHARGES

7.1 If **we** make a change to the charges:

- (a) **we** will give **you** personal notice if the change is to **your** disadvantage;
- (b) the new charge will be set out in the **tariff** which will be provided to **you** personally at least once a year when changes are made;
- (c) **we** will tell you when **you** ask to do something which incurs a charge; or
- (d) details will be available from any of **our** branches, on **our** website at www.themelton.co.uk or can be obtained by telephoning 01664 414 141.

PART 2 – MORTGAGE TERMS

SECURITY

The **property** is **security** for the **loan** which **you** may be liable to pay under these **conditions**. **You** have given **us** security over the **property** to protect **us** in case **you** do not keep to **your** obligations under these **conditions**. If **we** enforce the security, **we** need to take certain steps to make it effective which are described in this Part 2. This Part 2 also describes your obligations in relation to dealing or not dealing with the Property in a certain way whilst it forms part of our security.

The security over **your property** may be for more than the amount that **you** owe **us** under the **loan**. It will also be for any other money that **you** owe to **us** under any other agreement, or will owe to **us** in future, other than any agreements that are stated to be regulated by the Consumer Credit Act 1974.

Unless **we** agree otherwise with **you**, the security will not be released until all money **you** owe to us (whether due or not) under any agreement has been paid. This will not affect **your** right to repay any agreement regulated by the Consumer Credit Act 1974.

We may release from the mortgage any part of the **property** if we are satisfied that the remainder will form adequate security for the **loan**.

LOOKING AFTER THE PROPERTY

As **we** have an interest in the **property** it is important that you maintain the value of it. There are certain actions that **you** must take, or must not take, in relation to the **property** unless **we** agree to it.

You must, at your own expense:

- (a) Ensure that any unfinished building or works on the **property** are completed without delay and are built to the required standard;
- (b) keep the **property** in good condition at all times and carry out necessary repairs;
- (c) insure the **property**;
- (d) if the **property** is leasehold, comply with all the tenants' obligations under the lease;
- (e) if the **property** is leasehold, **you** must not give up, surrender, vary or extend the lease without **our** approval;
- (f) comply with the conditions of any consent or concession given to **you** under these **conditions**;
- (g) pay all existing and future rents, taxes, outgoing and rent charges affecting the **property**;
- (h) comply with all restrictions and requirements affecting the **property**;
- (i) inform **us** of anything which might prejudicially affect the insurance or value of the **property**;
- (j) send to **us** a copy of any notice or other document affecting the **property** within 14 days of receiving it from:
 - (i) a landlord (if the **property** is leasehold);
 - (ii) a rent charge owner (if the **property** is subject to a rent charge);
 - (iii) anyone claiming a legal right over the **property**;

- (iv) any government department, local or other authority;
 - (v) a commonhold association (if the **property** is commonhold).
- (k) allow **us**, **our** employees, or agents to enter the **property** after giving **you** reasonable notice so that **we** may:
- (i) carry out a valuation of the **property**;
 - (ii) inspect the state of repair and condition of the **property**;
 - (iii) carry out or complete any work which is needed to put right any failure by **you** to comply with these **conditions**;
- (l) tell **us** before **you** apply to a local authority or other similar body for any loan or grant for the repair or improvement of the **property**. This is because the loan or grant may be subject to conditions requiring the whole or part of the grant to be repaid, for example, if **you** do not live in the **property** for a certain period. **You** cannot accept any such loan or grant unless **we** agree in writing;
- (m) not knowingly take any action regarding the **property** that is against any applicable law or regulation.
- (n) inform **us** of any notice served under the Leasehold Reform Act 1967 or the Leasehold Reform Housing and Urban Development Act 1993 (or any replacement or similar Acts) and the **borrower** must also execute in favour of the **lender** a charge by way of legal mortgage of the freehold or any new lease of the **property** obtained under those Acts (or any replacement or similar Acts)

9.3 **Our** security includes any of the following **interests** which **you** acquire:

- (a) a new or extended lease of the **property**;
- (b) an interest in the commonhold or freehold of the **property** or in the freehold of any building which includes the **property**;
- (c) an interest over or through neighbouring, adjoining or any other land or buildings which benefit the **property**.

If **you** acquire one of these **interests**, **you** must, no later than one month after doing so:

- (d) let **us** know of the interests **you** have acquired and provide copies of all documents relating to those interests; and
- (e) if asked, give **us** a legal charge over the interest in a form approved by **us**

9.4 **You** must not do any of the following without getting **our** written consent first:

- (a) transfer, assign, mortgage obtain an extended lease or otherwise deal with or give away the **property**;
- (b) accept the surrender of any lease or tenancy of the **property** other than any tenancy **we** have agreed to under these **conditions**;
- (c) alter or extend the **property** or cause any damage to it which may lower its value;
- (d) change the use of the **property**.

10 INSURING THE PROPERTY

10.1 **You** must insure the **property**. Your **property** must be covered by buildings insurance as long as it is security for money that **you** owe **us**.

- 10.2 Where **you** insure the **property**:
- (a) **you** must maintain a comprehensive policy against all usual house insurance risks. The risks include (but are not limited to) fire, explosion, earthquake, storm, flood, escape of water or oil, subsidence, heave, landslip and malicious damage. The policy must be for the cost of full reinstatement of the **property**, including clearing the site and paying all fees and expenses. The amount of the policy must be enough to put the **property** back to its original state following any amount of damage or destruction;
 - (b) **you** will tell the insurer of **our** interest in the **property** as mortgagee and will arrange for **our** interest to be noted on the policy.
- 10.3 **You** will give **us** a copy of the policy of insurance and proof of payment of the premiums if **we** ask for this.
- 10.4 If **you** fail to insure the **property** or the amount or type of cover set up by the insurers is inadequate or if the policy is cancelled or lapses **we** retain the right to insure the **property**. If **we** do so:
- (a) **we** will choose the insurers and maintain a comprehensive policy against all usual house insurance risks and for the cost of full reinstatement of the **property**;
 - (b) **we** will do so at **your** expense and **you** will pay the premiums as notified by **us** to **you**. All premiums paid by **us** for such insurance shall be debited to **your** account. Interest will not be charged on the premiums.
- 10.5 **We** may, on **your** behalf, settle and adjust any claims against the insurers of the **property**. In the event of a payout following a claim on the policy (whether arranged by **you** or **us**), **we** may receive any money paid out under the claim, or, if **you** receive it, **you** must hold it in trust on **our** behalf and keep it separate from **your** other funds. Unless **we** agree otherwise, you will have the choice as to whether:
- (a) to repair or rebuild the **property**, or
 - (b) reduce or pay off the sum secured by the mortgage, or
 - (c) a combination of both.
- 10.6 If the **property** is leasehold or commonhold and the terms of the lease or the commonhold community statement provide for the **property** to be insured along with other properties, then the **property** will not need to be insured, provided that:
- (a) **you** tell the insurer of **our** interest in the **property** as mortgagee and arrange for **our** interest to be noted on the policy;
 - (b) **we** or **our** legal advisers have approved the policy and confirmed that the insurance is in force; and
 - (c) **you** must ensure that the **property** remains insured against all risks detailed in condition 10.2(a) above and for the cost of full reinstatement of the **property**.
- 10.7 **You** will not do anything or allow anything to be done or not done which may make the insurance invalid or which makes the insurance more difficult or expensive to obtain or maintain or affects the ability to make a claim under the insurance policy.

11 ACTION WE MAY TAKE

- 11.1 **We** have certain rights to take possession of the **property** and deal with it in other ways if **you** have become obliged to pay the full outstanding balance under these **conditions** or have not kept to these **conditions**. **We** may appoint a receiver to take this action for **us**. A receiver is someone **we** can appoint to manage the **property** for **us**. Although **we** would appoint the receiver, he would act for **you** (not **us**) and **you** would have to pay his fees.

- 11.2 **We** or any receiver may do the following to protect **our** position as **your** lender and to protect the **property** as security for the **loan**:
- (a) generally manage the **property** including collecting and receiving all rents, arranging any necessary repairs and maintenance, complete any building works which have been started, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances and serving notices under any relevant housing legislation;
 - (b) apply all or any of the rent received from a tenant of a property that has been let furnished towards the loan even though part of the rent may be for the use of furniture or equipment;
 - (c) take possession of the **property** and take any action or proceedings necessary to do so;
 - (d) sell the **property** (whether or not **we** have taken possession) for a price and on such terms as **we** may think fit (always ensuring that **we** obtain the best price possible in the circumstances);
 - (e) let or sublet the **property** and vary, renew, terminate, surrender or accept surrenders of leases, tenancies or licences over the **property** for a price and on such terms and for such rent and payment as **we** think fit;
 - (f) sell any freehold or leasehold reversions so created; and
 - (g) exercise, on **your** behalf and without having to give **you** prior notice or obtain **your** consent, all the powers and duties conferred on a landlord by legislation in force at the time without having any liabilities or responsibilities to **you** as a result of doing so.
- 11.3 If **we**, or a receiver appointed by **us**, take possession of the **property** **you** must remove all furniture and other moveable **property** (personal items) from the **property** within 7 days and will not remove any fixed items from the **property** without **our** agreement in writing.
- 11.4 If all furniture and moveable items are not removed within 7 days then **you** agree that **we** or the receiver may:
- (a) deal with **them** as **your** agents and at **your** expense;
 - (b) sell or otherwise dispose of anything which belongs to **you** (**we** (or the receiver) will give **you** any proceeds received less all expenses of the sale); and
 - (c) remove and store anything which **we** know does not belong to **you**.
- 11.5 Where more than one receiver is appointed each joint receiver may act separately and independently of any other joint receiver (unless the document appointing such receiver states otherwise).
- 11.6 A receiver may charge any amount for his services as **we** agree with him and **you** will be responsible for paying those fees. **We** and any receiver may also employ and pay agents to undertake some duties. These will be **your** agents and **you** will also be responsible for their fees.
- 11.7 The Law of Property Act 1925 sets out certain rules in relation to the appointment of a receiver and the enforcement of security. It is typical for a mortgage lender to disapply certain of those rules and **we** do that as set out below:
- (a) Section 109(8) of the Law of Property Act 1925 is amended to allow a receiver to pay any money owing by **you** in such order of priority as **we** and the receiver reasonably agree, rather than a specific order set out in those rules;

- (b) Sections 99, 100 and 103 of the Act set out some specific powers in relation to dealing with a **property**, but **we** or a receiver are able to dispose of the **property** in any way that **we** see fit provided that it does not breach these **conditions**.
- (c) Section 93 Law of Property Act does not apply to the **loan**. Section 93 enables a borrower to redeem one mortgage without paying the money secured by another, unless the offer provides otherwise. **You** are not entitled to redeem this **loan** without at the same time repaying any other **loan** in full nor to repay any other security held by **us** without repaying this **loan** in full. This means **we** will not release any **property** or policies held by **us** as security until **you** repay this **loan** in full. This condition does not apply to a **property** which is **your** primary residence meaning that **we** will allow **you** to redeem a mortgage over **your** primary residence without at the same time repaying all other monies **you** owe **us**.
- (d) Where **you** repay all of the **loan we** may require **you** to repay any money owed to **us** on any other account with **us**, including an account in respect of any other mortgage or charge, unless the money is owed under an agreement regulated by the Consumer Credit Act 1974 which does not refer to the mortgage as security.

Please ask **your** legal adviser if **you** require further information.

12 WHEN WE CAN ACT ON YOUR BEHALF

- 12.1 **We** may need to take certain action (including signing documents) on **your** behalf to protect **our** security. **You** therefore appoint **us** to be **your** attorney to take such action where necessary. This means **we** are legally entitled to act on **your** behalf. **We** are appointed for as long as the mortgage remains in force securing any money **you** owe to **us**.
- 12.2 If there are two or more of **you** then **you** agree that **we** will be attorney for one of **you** and a person or persons authorised by **us** may act as attorney for the other(s) as necessary.
- 12.3 **You** give us a power of attorney authorising **us** and any receiver to act on **your** behalf to take any action which **you** are obliged to take under these **conditions**, including but not limited to:
 - (a) signing and completing any document which is needed to make good any defect in **your** title to the **property** or in the mortgage;
 - (b) transferring **your** share or interest in any residents' **society** or management company, or **your** legal or beneficial interest in the freehold or leasehold reversion of the **property** when **we** exercise **our** powers as mortgagee to sell or lease the **property**;
 - (c) entering into any variation of **your** title to the **property** in order to protect or enhance **our** security; and
 - (d) settling any claim made by **your** landlord, management company or commonhold association (if **your property** is leasehold or commonhold) or rent charge owner (if **your property** is subject to a rent charge) if **we** think it reasonable for **us** to settle it in order to protect **our** security or maintain its value, even though **you** may dispute the sum claimed.

13 COMPENSATION FROM THIRD PARTIES

- 13.1 **You** may at some time be entitled to recover money or damages:
 - (a) to correct or compensate for defects or damage relating to the **property** or the title to it; or
 - (b) for any breach of contract or wrongful act or omission which may have caused damage to the **property** or to the title to it or caused **you** to accept the **property** or the title to it in a damaged or defective condition.

- 13.2 If **you** recover money or damages pursuant to condition 13.1 above, **you** may use the money or damages recovered either towards making good the damage or defects or towards payment of the money secured by the mortgage.

PART 3 – GENERAL TERMS

14 JOINT BORROWERS

- 14.1 If there is more than one of **you**:
- (a) these **conditions** apply to all of you together and to each of **you** on **your** own
 - (b) each of **you** can be held fully responsible for keeping to these **conditions**.

15 TRANSFERRING THE MORTGAGE AND LOAN

- 15.1 **We** may transfer **our** interest in the mortgage and **loan** to another party at any time on such terms as **we** may decide. This will not reduce your rights under the mortgage.
- 15.2 **You** may sell or transfer the **property** to another party at any time after **you** have obtained **our** prior written consent and paid any transfer fee set out in the **offer**.
- 15.3 Unless the terms of the transfer state otherwise, a transferee of the mortgage and **loan** will be able to exercise all the rights, powers and remedies which **we** could exercise before the transfer. You will have to do everything that you have to do under these **conditions** for our benefit for the transferee's benefit instead (such as making payment to them).
- 15.4 **We** will not register any transfer until **you** have paid to **us** any money **we** have asked **you** to pay to **us** and the transfer has been approved by **us** or on **our** behalf at **your** expense and received by **us** for retaining the title deeds to the property.

16 NOTICES

- 16.1 If **we** have to tell **you** something **we** may do so personally which means:
- (a) by post to **your** last known address (which unless **you** have told **us** otherwise will be the **property**); or
 - (b) by fax to or email to any number or email address **you** have given **us** for this purpose.
- 16.2 If **we** give **you** such personal notice then it will be considered as received by **you** as follows:
- Post: 48 hours after date of posting (regardless of class of post).
- Email: The day the email is sent;
- Fax: The day of transmission;
- 16.3 Any notice to be given to **us** must be sent to **our** Principal Office at MBS Lending Ltd, Mutual House, Leicester Road, Melton Mowbray, Leicestershire, LE13 0DB.

17 COMPLAINTS

- 17.1 Although we are committed to providing you with a first class service we recognise that there may be an occasion that you feel that we may not have done this and you wish to make a complaint. We will always try to resolve any complaint speedily and at the earliest possible stage. The person dealing with your complaint will be authorised by us to settle your complaint and will explain to you in plain language our position.
- 17.2 We will try to ensure that we resolve all our complaints by the close of business on the business day following receipt of your complaint.
- 17.3 If this is not possible then we will ensure that we send you an acknowledgement within 5 days of your complaint being received. This will set out the name of the person dealing with the

complaint. Included with that letter will be a copy of our complaints leaflet which sets out our Internal Complaints Procedure.

- 17.4 We will keep you informed of the progress of action being taken to resolve your complaint.
- 17.5 If **we** have not been able to resolve any complaint **you** make about **our** products and services within eight weeks, or **you** are not satisfied with **our** response, **you** can refer **your** complaint to the Financial Ombudsman Service. If **you** want to contact the Financial Ombudsman Service, **you** will need to do this within six months from receipt of **our** final response.
- 17.6 To find out more about the service **you** can:
- (a) Visit financial-ombudsman.org.uk; or
 - (b) Write to: The Financial Ombudsman Service, Exchange Tower, London, E14 9SR; or
 - (c) Phone them on 0800 0 234 567 or 0300 123 9 123.
- 17.7 Alternative dispute Resolution (ADR) can take place in various ways, including face-to-face, by telephone, in writing or online. To encourage use of online dispute resolution (ODR) there is an ODR platform created by the EU Commission which allows consumers to submit their complaint through a central site which will forward the complaint to the right ADR scheme. In relation to this agreement, this is the Financial Ombudsman Service and you can also contact them directly as per the above contact details. For more details about ODR please visit <http://ec.europa.eu/odr>.

18 DATA PROTECTION

- 18.1 By taking out a mortgage with **us** **you** should understand that any information **you** supply to **us** will be processed and retained on computer and other records until six years after **your** mortgage redeems. Mortgage records are disposed of securely, usually six years after the mortgage redeems, unless still required for any of the purposes in 18.2.
- 18.2 Personal information **you** supply to **us** may be processed in a number of ways, including to (but not restricted to):
- (a) verify **your** identity;
 - (b) make a lending decision;
 - (c) communicate information about **your** mortgage and any other service in which **you** have expressed an interest;
 - (d) collect repayment of **your** mortgage;
 - (e) otherwise administer **your** mortgage account;
 - (f) prevent fraud and financial crime;
 - (g) investigate and resolve a complaint;
 - (h) carry out statistical analysis and regulatory reporting; and
 - (i) for audit purposes.
- 18.3 **We** may share information about **you** with other companies or organisations for the purposes described above, including (but not restricted to):
- (a) **your** solicitor, financial adviser, building insurance provider or other professional advisers;

- (b) any individual or company who carries out a valuation of the **property** for mortgage purposes;
- (c) credit reference agencies (e.g. Experian or Equifax);
- (d) fraud prevention agencies (e.g. SOCA, CIFAS or Law Enforcement Agencies);
- (e) mortgage indemnity companies;
- (f) organisations that may assist with processing or administering the mortgage;
- (g) **our** auditors;
- (h) **our** regulators (e.g. PRA or FCA)
- (i) debt collection agencies or a receiver of rents; or
- (j) any third party to whom **we** transfer the interest in the mortgage **loan**.

18.4 **We** have no intention of disclosing **your** personal information internationally and if **we** needed to disclose outside of the EEA, **we** would always seek **your** explicit consent first.

18.5 **You** have certain rights in relation to **your** personal information such as the right to access or to update / correct **your** personal information. If **you** would like further details or **you** are unhappy with how **we** have treated **your** information, please contact **us**. If **we** are unable to resolve **your** complaint, **you** have the right to refer the matter to the Financial Ombudsman Service or to the Information Commissioner's Office.

19 OTHER TERMS TO BE AWARE OF

19.1 **We** can change these **conditions** if it is reasonable to do so to:

- (a) make them easier to understand or to make them fairer to **you**;
- (b) change the way **we** look after **your** account as a result of changes in the banking or financial system, technology or the systems **we** use to run **our** business;
- (c) reflect changes to the law, codes of practice or the way **we** are regulated.

19.2 All communications between **us** may be monitored or recorded to improve the quality of **our** service and for **your** protection and security.

19.3 **We** will supply these **conditions** and otherwise communicate with **you** in connection with **your loan** in the English language.

19.4 Each of the provisions of these **conditions** are distinct from each other. If one or more provisions becomes illegal, invalid or unenforceable, this will not affect any of the remaining provisions.

19.5 Laws and regulations imply certain terms into **our** agreement with **you**. For example, as well as the powers set out in these **conditions**, **we** and **you** both have some other legal rights. Unless these **conditions** explicitly disapply those rights, they will be applicable to **you** or **us**.

19.6 If **we** decide not to enforce any part of these **conditions** or delay enforcing it, such delay or inaction will not affect **our** right to enforce the same part at a later date.

19.7 No person other than a party to these **conditions** may enforce any rights under these **conditions** or under any other agreement, unless **we** transfer **our** rights and obligations under this agreement, made in connection with the mortgage under the Contracts (Rights of Third Parties) Act 1999.

19.8 These **conditions** are governed by the laws of that part of the United Kingdom where the **property** subject to the **offer** is situated.



Principal Office

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