

**INTELLIGENT FINANCE**  
**MORTGAGE CONDITIONS**  
**OCTOBER 2004**

**INTELLIGENT FINANCE<sup>®</sup>**  
until money grows on trees **0845 609 4343**

# INTRODUCTION

The conditions which apply to your mortgage are shown in this booklet, your mortgage offer and any other agreement we make with you.

The section at the end of this booklet, which is headed 'Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended)' and 'Schedule 3 The standard conditions' applies only if the property is in Scotland. This section sets out conditions called the 'standard conditions'. These apply in Scotland except to the extent they are amended by the conditions in the section headed 'Intelligent Finance mortgage conditions October 2004'.

The law also implies some conditions which apply to the mortgage. We have not set these out in this booklet and your solicitor or licensed conveyancer can tell you what they are.

These conditions apply to 'standalone' mortgages. You cannot have any other jars in the same Intelligent Finance plan as your standalone mortgage. You cannot offset your standalone mortgage against any other money you have in any other Intelligent Finance plan.

We fully support the Banking Code and the Financial Ombudsman Service. The Data Protection Act also applies to the mortgage.

**PLEASE KEEP THIS BOOKLET SAFE IN CASE YOU NEED TO REFER TO THE CONDITIONS THAT APPLY TO YOUR INTELLIGENT FINANCE MORTGAGE IN THE FUTURE.**

## **SCHEDULE OF VARIATIONS**

AT EDINBURGH the eleventh day of August two thousand and four the deed hereinafter reproduced was presented for registration in the Books of the Lords of Council and Session for preservation and is registered in the said Books as follows:

WE, HALIFAX plc, incorporated under the Companies Acts and having our Registered Office at Trinity Road, Halifax, West Yorkshire, HX1 2RG, considering that we are about to make advances to be secured by standard securities to be given over land and buildings in Scotland have decided that the standard securities given to us are regulated by the standard conditions specified in Schedule 3 to the Conveyancing & Feudal Reform (Scotland) Act 1970 as amended by the Redemption of Standard Securities (Scotland) Act 1971 and by the following variations which are referred to as the Intelligent Finance mortgage conditions October 2004.

## 1 Words with special meanings

1.1 In this booklet **we** have put some words in bold type because they have a special meaning. **We** tell **you** what these words mean below.

- **Active overpayment** - Any payment that **you** make to **us** in connection with **your** mortgage **jar** which is neither a **regular mortgage payment** nor a payment which **you** tell **us** is to pay a charge or other amount that **we** have added, or are going to add, to the **mortgage debt**. If **you** have not paid **us** any amount when **you** were due to, **we** will use any payment first to pay off the amount **you** have not paid and only treat the surplus as an **active overpayment** (see condition 12.5).
- **Added rate** - Any rate of interest **we** add to the **standalone variable mortgage rate** or to a **special rate**. **We** may change this under condition 16.
- **Banking day** - Any day which is not a Saturday, Sunday or an English bank or public holiday. A banking day ends at 8.30pm.
- **Bank of England's base rate** - The Bank of England's 'repo' rate of interest or any other rate that replaces it used by the Bank of England or any other body that takes over the Bank of England's responsibility for setting such an interest rate.
- **Built-up reserve** - The amount **you** build up by making **active overpayments** to reduce those parts of the **mortgage debt** which do not relate to any **further advance** that **you** borrow from **us**. **Active overpayments** to reduce any **further advance** **you** borrow from **us** will not form part of the **built-up reserve**.
- **Capital** - The part of the **mortgage debt** **we** can charge interest on under these conditions. This is made up of:
  - any money **we** have lent **you** that **you** have not repaid;
  - any fees, charges or expenses that **you** have not paid; and
  - any interest **you** have not paid off by the end of the **interest period** in which it became due.
- **Extra agreement** - Any agreement between **you** and **us** about **your** mortgage **jar** or part of any mortgage **jar** **you** have which is separate from the **offer**. It will only be valid if it is in writing or if its terms are set out in a letter, electronic communication (for example, an email) or other document from **us**.
- **Further advance** - A **mortgage loan** **you** ask **us** to lend **you** after the start of the **mortgage repayment period** and which **we** agree to make to **you**. A **further advance** does not include any part of the **pre-agreed reserve** or **built-up reserve** **you** borrow.
- **Intelligent Finance plan** - A single account in which **your** mortgage **jar** is held. **Your** mortgage **jar** is the only **jar** that **you** can have in **your Intelligent Finance plan**.
- **Interest period** - The period from the beginning of one **key date** to the end of the day before the following **key date**.
- **Investment plan** - Any endowment or pension policy, personal equity plan (PEP), individual savings account (ISA) or other investment or savings plan connected with the **mortgage**.
- **Jar** - The mortgage product **you** choose to have with **us** and which **you** and **we** agree shall be the only product in **your Intelligent Finance plan**.
- **Key date** - The day in each month when **we** add any unpaid interest due on the balance on which **we** charge **you** interest on **your mortgage jar** (**we** sometimes call this the 'interest date'). This day must be between the 1st and 28th day of the month. When **you** apply to open **your** mortgage **jar**, **you** can choose which day in each month **you** want **us** to use as the **key date**. If **you** do not choose a date, **we** will do so. From then on, unless **you** decide to change it in accordance with condition 15.5, the **key date** will be the same day in each month. The last **key date** will be the date on which **your** mortgage **jar** is closed. The **key date** is also the date on which **you** have to pay **us** the **regular mortgage payment** except:

- the first **regular mortgage payment** will be collected on the first **key date** following at least 14 days after the day **you** borrow the **mortgage loan**, or the first part of it;
  - if **you** have chosen a **key date** which does not exist in a particular month, **we** will collect the **regular mortgage payment** on the last day of the month provided that day is a **banking day**. If it is not, **we** will collect the **regular mortgage payment** on the next **banking day**; and
  - if **you** connect **your** mortgage **jar** to a current account with anyone other than Intelligent Finance and the **key date** or day on which **we** try to collect the **regular mortgage payment** is not a **banking day**, **we** will collect the **regular mortgage payment** on the first **banking day** after the **key date**.
- **Mortgage** - The agreement between **you** and **us** set out in the **offer**, the **mortgage deed**, these conditions and any **extra agreement**.
  - **Mortgage debt** - All the money **you owe us** under the mortgage **jar**. This includes interest and any of **our** charges, fees and expenses (including any **special rate early repayment charges**) **you** have not paid that relate to the mortgage **jar**.
  - **Mortgage deed** - The legal document **you** sign giving **us** a mortgage security over the **property** in return for **our** providing the **mortgage loan** as varied or extended by agreement between **you** and **us** from time to time. If the **property** is in England, Wales or Northern Ireland, the document is described as a 'mortgage deed'. If the **property** is in Scotland, it is described as a 'standard security'.
  - **Mortgage loan** - Each loan under the mortgage **jar** **we** make to **you** under these conditions.
  - **Mortgage repayment period** - The period or periods for paying off the **mortgage debt**. Different parts of the **mortgage debt** can have different periods. The period for each part of the **mortgage debt** will end on the **key date** immediately after the end of the mortgage term for that part of the **mortgage debt** set out in the **offer** or an **extra agreement**. **We** may change a **mortgage repayment period** under condition 19.
  - **Offer** - **Our** written mortgage offer sent to **you** in connection with the mortgage **jar** and any written offer **we** make to lend **you** more money under the **mortgage**.
  - **Passive overpayment** - The amount by which the part of the **regular mortgage payment** **we** have worked out to cover the anticipated interest exceeds the interest **we** charge **you** on the **mortgage debt**. **You** will only make a **passive overpayment** if **you** have asked **us** to let **you** pay the same **regular mortgage payment** for a twelve month period (see condition 19.4) and the interest rate has gone down.
  - **Payment holiday** - A period of one **interest period** during which **you** do not have to pay a **regular mortgage payment**.
  - **Personal security details** - The customer identification number **we** give **you** when you open **your Intelligent Finance plan** and the **plan security code**.
  - **Plan security code** - Any personal identification number **you** choose for accessing **your Intelligent Finance plan**.
  - **Pre-agreed reserve** - The amount described in the **offer** or an **extra agreement** as the 'pre-agreed reserve'.
  - **Property** - The property described in the **mortgage deed** and any interest in it.
  - **Regular mortgage payment** - The amount **you** must pay **us** on a regular basis as set out in the **offer** or an **extra agreement**, or as notified to **you** by **us**, from time to time. Unless **we** say in the **offer** or an **extra agreement** that **we** are making an interest-only **mortgage loan**, the **regular mortgage payment** will consist of two elements, interest and capital, which **we** will set. **We** may change this under condition 19.
  - **Special rate** - Any interest rate (including capped, collared, discounted, fixed or tracker rate of interest) **we** pay **you** or **you** pay **us** (depending on the type of **jar**) and which **we** describe as a 'special rate' in the **offer** or an **extra agreement**.

- **Special rate early repayment charge** - Any early repayment charge **you** have to pay if **you** repay a **special rate loan** before the end of the **special rate early repayment charge period**.
- **Special rate early repayment charge period** - The period during which **you** must pay a **special rate early repayment charge**. This will be set out in the **offer** or an **extra agreement**.
- **Special rate loan** - Any part of the **capital** which a **special rate** applies to.
- **Special rate period** - Any period when a **special rate** applies.
- **Standalone variable mortgage rate** - Intelligent Finance's variable mortgage rate of interest applicable to standalone mortgages set out in the **offer**. **We** may have different types of variable mortgage rate for different types of **mortgage loan**. **We** may change this under condition 16.
- **We, us** and **our** - Halifax plc, its successors in title and anyone who takes over or has the benefit of any of its legal rights in connection with all or any part of **your Intelligent Finance plan**.
- **You** and **your** - The person or persons who own an **Intelligent Finance plan** and anyone who takes over their legal rights in connection with it.

1.2 Any reference to any legislation includes any statutory instrument made under it and any changes to either of them.

## 2 Opening and operating your Intelligent Finance plan

- 2.1 To open an **Intelligent Finance plan** and to own a **jar** within it, **you** must be at least 18 years old. If there are two of **you**, **you** must both be over 18.
- 2.2 **We** may change the age at which customers can open any part of an **Intelligent Finance plan**. **We** may also introduce new schemes for different age groups or other categories of customer.
- 2.3 To open or carry out any transactions on **your Intelligent Finance plan**, **you** must live in the United Kingdom.
- 2.4 An **Intelligent Finance plan** can be owned by a maximum of two people.
- 2.5 **Your Intelligent Finance plan** can only contain one **jar** and that **jar** must be a mortgage **jar**.
- 2.6 To open and operate **your Intelligent Finance plan**, **you** must nominate a current account to be connected to **your mortgage jar**. **You** need this so that **we** can transfer money in and out of **your Intelligent Finance plan**. The current account **you** nominate may be with **us** or a bank or building society which is a part of the United Kingdom clearing system. One of the **jar** owners must be the owner, or one of the owners, of the current account.
- 2.7 **We** may change the name of these conditions.
- 2.8 If **we** give **you** at least 30 days' notice, **we** may substitute different words for any of the words with special meanings in condition 1.1. **We** will not use this condition 2.8 to change the special meanings given to any of those words.

## 3 Accessing your Intelligent Finance plan

- 3.1 Intelligent Finance does not have a branch network. **You** can only access **your Intelligent Finance plan** using the technology **we** tell **you** about from time to time.
- 3.2 Unless **we** say **you** can in the **offer** or an **extra agreement**, **you** must not use the internet to access **your Intelligent Finance plan**.
- 3.3 If **we** tell **you** that **you** may access **your Intelligent Finance plan** using the internet:

- 3.3.1 **you** are responsible for making sure that **your** computer and other equipment and the software can be used with the **Intelligent Finance plan**;
- 3.3.2 **you** must not use the internet from outside the United Kingdom to apply to borrow money from **us**; and
- 3.3.3 **you** should tell **us** straight away if **you** no longer have access to the internet.
- 3.4 When **you** access **your Intelligent Finance plan**, **we** will ask **you** to give **us** part of **your personal security details**.
- 3.5 If there are two of **you**, **you** will each need **your own personal security details**.
- 3.6 **You** must take all reasonable steps to keep **your personal security details** secret and to prevent anyone else accessing **your Intelligent Finance plan**. This includes, for example:
  - 3.6.1 not writing **your personal security details** down in such a way that someone else could use them to access **your Intelligent Finance plan**;
  - 3.6.2 not programming **your personal security details** into anything **you** use to access **your Intelligent Finance plan**;
  - 3.6.3 logging-off from the secure part of the Intelligent Finance website when **you** are not using **your** computer, telephone or any other piece of equipment; and
  - 3.6.4 not allowing anyone else to use any equipment **you** use to access **your Intelligent Finance plan** without taking suitable precautions.
- 3.7 **You** must tell **us** as soon as possible if **you** think that someone else:
  - 3.7.1 knows **your personal security details** or any other details which might enable them to access **your Intelligent Finance plan**; or
  - 3.7.2 has tried or intends to try to access **your Intelligent Finance plan**.

**You** will be liable for any transaction carried out on **your Intelligent Finance plan** or any part of it until **you** tell **us**. **You** will not be liable for any transaction carried out on **your Intelligent Finance plan** over the internet where **you** are the victim of fraud.
- 3.8 **We** will take all reasonable steps to ensure that no-one other than **you** or **us** accesses **your Intelligent Finance plan**.
- 3.9 **We** may suspend access to **your Intelligent Finance plan** if:
  - 3.9.1 **we** think that someone else is trying to access **your Intelligent Finance plan**;
  - 3.9.2 the wrong **personal security details** have been used for **your Intelligent Finance plan**;
  - 3.9.3 **you** are not keeping to these conditions;
  - 3.9.4 **you** enter into a voluntary arrangement with anyone **you** owe money to (or **you** are going to do so);
  - 3.9.5 **you** apply to a court for an interim order (that is a court order which gives **you** temporary protection from a claim made by somebody **you** owe money to);
  - 3.9.6 a bankruptcy order is made against **you** or **we** think that one is likely to be made;
  - 3.9.7 an administration order has been made under the County Courts Act 1984 which covers how **you** are to repay money **you** owe;
  - 3.9.8 **we** think **you** have tried to access any of **our** other customers' Intelligent Finance plan or any of **our** files, programmes or records;

- 3.9.9 **we think you** have tried to introduce a virus or other harmful programme to **your Intelligent Finance plan** or any of **our** files, programmes or records or **you** have told someone else how to do so; or
- 3.9.10 **we think you** are using **your Intelligent Finance plan** or **your mortgage jar** in an illegal way or in a way that **we** reasonably consider to be inappropriate or that harms or could harm the interests of **us**, **our** holding company or any subsidiary of **our** holding company.
- If **we** suspend access to **your Intelligent Finance plan**, **we** will contact **you**.
- 3.10 When **you** access **your Intelligent Finance plan** using **your personal security details**, **you** are authorising **us** to carry out **your** instructions to **us**.
- 3.11 **You** can change some parts of **your personal security details** by contacting **us**.
- 3.12 For administrative or security reasons, **we** can ask **you** to change **your personal security details** at any time.
- 3.13 When **you** access **your Intelligent Finance plan**, **you** must follow any instructions **we** give **you**.
- 3.14 **We** will only accept instructions from **you** or someone who has a legal right to give **us** instructions.
- 3.15 **We** may contact **you** to confirm **your** instructions or any steps **we** take following **your** instructions. If **we** do, **you** must let **us** know straight away if **you** think **we** have not correctly set out what **you** asked **us** to do.

#### **4** What happens if your Intelligent Finance plan or your mortgage jar is in joint names?

- 4.1 If **your Intelligent Finance plan** or **your mortgage jar** is a joint account, these conditions apply to both of **you** together and to each of **you** on **your** own.
- 4.2 **We** may accept the instructions or signature of either one of **you**, this includes when **you** want to take a **payment holiday** or borrow the **pre-agreed reserve** or the **built-up reserve**. If one of **you** gives **us** an instruction, **we** may but do not have to, ask the other to confirm the instruction.
- 4.3 If **your mortgage jar** is in joint names, each one of **you** is responsible for repaying the whole **mortgage debt** and not just a part of it.
- 4.4 **We** will send all written communications about **your Intelligent Finance plan** (including statements) to **you** jointly. Unless the law or a regulation requires **us** to write to **you** separately, **we** will address **our** communications to **you** both but send them to only one address. The address to which **we** will send written communications will be the address for the person whose name appears first on **our** records for **your Intelligent Finance plan**.
- 4.5 If one of **you** dies, **we** will continue to accept instructions from the survivor until **your Intelligent Finance plan** is closed.
- 4.6 If one of **you** dies, **we** may require the survivor or the deceased's personal representative to close the mortgage **jar** and **your Intelligent Finance plan**.
- 4.7 If **your** relationship with each other ends, **you** must ensure that the **regular mortgage payment** is made or the **mortgage debt** is repaid.
- 4.8 If at any time during the **mortgage repayment period**, either of **you** live at an address different to the **property**, **you** must let **us** know where **you** are living as soon as possible. If **you** live at different addresses before the start of the **mortgage** and are going to continue to do so, **you** must contact **us** immediately after the start of the **mortgage** to confirm this.



## 5 Money paid into and out of your Intelligent Finance plan

- 5.1 When **you** or someone else pays money into **your Intelligent Finance plan**, it takes time before **you** can use it. This depends on how the money is paid in. Money can be paid into **your Intelligent Finance plan** in a number of ways. **We** set these out and the total number of days before **you** can use the money in the following table. If the payment is a **regular mortgage payment**, **you** will not be able to re-use it.

	When the payment appears on <b>your</b> statement (transaction date)	When <b>you</b> can use the money ( <b>built-up reserve</b> ) (availability date)
Cheque	day <b>we</b> receive it	5 banking days after <b>we</b> receive it
Banker's draft	day <b>we</b> receive it	day <b>we</b> receive it
CHAPS	day <b>we</b> receive it	day <b>we</b> receive it
Internal transfer between Intelligent Finance plans	same day or, if that day is a Sunday, the next day	same day
Direct debit from an account (other than an Intelligent Finance plan)	3 banking days from <b>us</b> requesting it	3 banking days from <b>us</b> requesting it
Standing order	day <b>we</b> receive it	day <b>we</b> receive it
BACS (for example, salary)	day <b>we</b> receive it	day <b>we</b> receive it

For the purposes of this table:

- 5.1.1 in the case of an internal transfer using the 'move money' facility on **our** website, a day is treated as an ordinary day starting at 00.00am and ending at 11.59pm; and
- 5.1.2 in the case of any other transaction, a day is treated as ending at 8.30pm (except on a Saturday when the day is treated as ending at 8.00pm).
- If a transaction takes place after this time, it will be treated as taking place on the next day.
- 5.2 If **we** receive a cheque after 3.00pm or on a day which is not a **banking day**, **we** will deal with it as if **we** had received it on the next **banking day**.
- 5.3 **You** cannot pay cash or cheques into **your Intelligent Finance plan** using a cash dispenser or at a Halifax plc or Bank of Scotland branch or agency counter. For security reasons, **you** must not send **us** cash.
- 5.4 If any cheque, banker's draft or direct debit payment is returned to **us** without it being paid, **we**:
- 5.4.1 will take the same amount out of **your Intelligent Finance plan** and adjust the interest **you** have to pay **us** or **we** have to pay **you**; and
- 5.4.2 may represent it for payment.
- If **we** represent a cheque or direct debit for payment, **we** will treat it as a new transaction.
- 5.5 If **you** want to pay a cheque into **your mortgage jar**, **you** should write the plan number for **your Intelligent Finance plan** and the name of **your mortgage jar** on the back of the cheque.
- 5.6 If **you** want to pay a cheque into **your mortgage jar**:

- 5.6.1 more than six months after the date on the cheque; or
- 5.6.2 after the expiry date (if there is one shown on the cheque),

**you** will have to ask the person who made it out to **you** to write a new cheque or re-date the old cheque and put their initials next to the change. If **you** give **us** an out-of-date cheque **we** may return it to **you**.

## **6** Our rights

- 6.1 If **we** delay in enforcing any term which forms part of the conditions which apply to **your Intelligent Finance plan**, this will not affect **our** right to enforce it or the rest of the terms.
- 6.2 If **we** choose not to enforce any term which forms part of the conditions which apply to **your Intelligent Finance plan**, this will not affect **our** right to enforce the rest of the terms.
- 6.3 If **we** cannot enforce any term which forms part of the conditions which apply to **your Intelligent Finance plan**, this will not affect **our** right to enforce the rest of the terms.
- 6.4 If **you** have to pay off the **mortgage debt** immediately under condition 31, **we** may reduce or pay off the **mortgage debt** by using any money held in **your** name alone in any other plan or account with **us**. If there are two of **you**, **we** can use money held by either of **you** alone or by both of **you** jointly with each other. **We** will notify **you** if **we** use our right to reduce or pay off the **mortgage debt** in this way.

## **7** Transferring of your rights and our rights

- 7.1 **You** are not allowed to transfer or assign any of **your** rights or obligations under **your Intelligent Finance plan** without **our** permission.
- 7.2 **We** have the right to transfer **our** right to receive any money **you** owe **us** under **your Intelligent Finance plan** under the general law or specific pieces of legislation.
- 7.3 **We** can transfer **our** right to receive any of the money **you** owe **us** under **your Intelligent Finance plan** or any of **our** rights under **your Intelligent Finance plan**, if:
  - 7.3.1 **you** agree (**you** cannot refuse without good reason);
  - 7.3.2 **we** follow any code of practice then in force which relates to transferring similar financial products and which **we** and other major financial institutions support; or
  - 7.3.3 the person who takes over **our** rights agrees to use those rights as fairly as **we** would (based on how **we** handle similar rights under similar products which **we** were not transferring).
- 7.4 **We** can transfer **our** obligations under **your Intelligent Finance plan** if **you** agree.
- 7.5 If **we** transfer **our** rights or obligations under **your Intelligent Finance plan**, **you** must accept that the person who takes over **our** rights may rely on any statement **we** reasonably make about the transfer (such as the amount of money **you** owe).

## **8** Notices

- 8.1 If **we** give **you** notice, **we** will do so in writing (either electronically or by post) to the address **we** hold on **our** records for this purpose. If there are two of **you**, the address **we** will use will be the address **we** hold on **our** records for the person whose name appears first as plan holder of **your Intelligent Finance plan**.

- 8.2 If **you** give **us** notice, **you** may do so by telephone or in writing (either electronically or by post). If **you** give **us** notice over the telephone or electronically, **we** may ask **you** to post **us** written confirm of **your** notice.
- 8.3 A notice may give the date when it will come into force. Except in the case of a notice **we** give under condition 16.5, this cannot be earlier than the date on which **we** give **you** the notice. If **we** do not give a date, the notice will come into force:
  - 8.3.1 24 hours after it is sent, if the notice is sent by email or electronically;
  - 8.3.2 48 hours after it is posted (if sent to an address in the United Kingdom) or 10 days after it is posted (if sent abroad).

## 9 What happens if someone else is looking after your finances?

- 9.1 If **you** have appointed someone as **your** attorney or someone has been appointed by a court to look after **your** finances, **we** may allow them to use or close **your Intelligent Finance plan**. If **we** do so, **we** may set reasonable conditions.
- 9.2 If **we** allow someone else to use **your Intelligent Finance plan** under condition 9.1, **you** may be legally responsible for anything they do with **your Intelligent Finance plan**.
- 9.3 **We** may also freeze **your Intelligent Finance plan** or any part of it if **we** find out that a bankruptcy order is made against **you** or **we** reasonably think that one is likely to be made. This means **we** will not allow anyone to take money out of any part of **your Intelligent Finance plan**, pay money in or carry out any other transaction unless that person has a legal right to do so (for example, a trustee in bankruptcy).

## 10 When we can tell someone else about your Intelligent Finance plan?

- 10.1 **We** may give details of **your Intelligent Finance plan**, **your** mortgage **jar** or **your** name and address to anyone else if:
  - 10.1.1 the law says **we** must;
  - 10.1.2 **we** have a public duty to do so;
  - 10.1.3 this is necessary to protect **our** interests or the interests of **our** holding company or another subsidiary of **our** holding company;
  - 10.1.4 **you** agree; or
  - 10.1.5 **we** are discussing transferring **our** rights or obligations under **your Intelligent Finance plan** or the mortgage **jar** to someone else.
- 10.2 **We** may also give the police or any prosecuting or regulatory authority any information they need if **we** think it will:
  - 10.2.1 help them;
  - 10.2.2 avoid loss;
  - 10.2.3 help recover any missing money **you** or **we** have paid or received in connection with **your Intelligent Finance plan**; or
  - 10.2.4 help recover anything **you** or **we** have lost or that has been stolen.

- 10.3 **We** may also give credit reference agencies information about **your Intelligent Finance plan** because **you** have agreed to this by signing the form **we** send to **you** to confirm that **we** agree to open **your Intelligent Finance plan** which included an appropriate declaration. This includes giving the agencies information if:
- 10.3.1 **you** borrow more money from **us** (including borrowing any part of the **pre-agreed reserve** or **built-up reserve**); or
- 10.3.2 **you** do not make a payment in connection with **your mortgage jar** on time, or at all.

## 11 Closing your Intelligent Finance plan

- 11.1 **You** may close **your Intelligent Finance plan** at any time by giving **us** notice and repaying the **mortgage debt** in full. **We** will say how much notice **you** have to give **us** in the **offer** or any **extra agreement**. If **you** repay the **mortgage debt** in full, **your Intelligent Finance plan** will also be closed. If the part of the **mortgage debt** **you** want to repay is one which is subject to a **special rate early repayment charge**, **you** will have to pay **us** the **special rate early repayment charge** (unless condition 22.7 or 22.8 allows **you** to close **your mortgage jar** without paying the **special rate early repayment charge**).
- 11.2 **We** may close **your Intelligent Finance plan** by giving **you** written notice. Normally, the notice will be at least 30 days.
- 11.3 **We** may close **your Intelligent Finance plan** immediately, if:
- 11.3.1 **you** use **your Intelligent Finance plan**, **your mortgage jar** or the **property** in an illegal way or a way that **we** reasonably consider to be inappropriate; or
- 11.3.2 **you** behave towards **us** or any of **our** employees or agents in a way that **we** reasonably consider to be inappropriate or offensive.
- 11.4 If there are exceptional circumstances, for example, there is evidence of fraud or **we** reasonably believe **you** are involved in any serious criminal or unlawful activity, **we** can close **your Intelligent Finance plan** or **mortgage jar** immediately unless the law says **we** have to tell **you** first.
- 11.5 If **you** move to an address outside the United Kingdom or **you** apply from abroad, using the internet, to borrow more money from **us**, **we** may close **your Intelligent Finance plan**. **We** will give **you** notice, but **we** will not let **you** borrow any more money or take **payment holidays** during the notice period.
- 11.6 If **we** close **your mortgage jar**, **we** may also close **your Intelligent Finance plan** itself.

## 12 The mortgage debt

- 12.1 **We** can divide the **mortgage debt** into different parts. **We** may also charge interest under conditions 14 and 17 at different rates on different parts of the **mortgage debt**. **We** may agree to allow different parts of the **mortgage debt** to be repaid over different **mortgage repayment periods**.
- 12.2 Where **we** have divided the **mortgage debt** into different parts, **we** will add **our** charges or expenses to the outstanding part of **your mortgage jar** which has the lowest part number in **your** statement unless:
- 12.2.1 the charge is a **further advance** fee, in which case, **we** will add the charge to the part of the **mortgage debt** which includes the relevant **further advance**;
- 12.2.2 in a case where condition 12.2.1 does not apply, **you** tell us the part of the **mortgage debt** to which **you** want **us** to add the charge or expense, in which case, **we** will add the charge or expense to the part of the **mortgage debt** **you** ask **us** to; or

- 12.2.3 in a case where neither condition 12.2.1 nor condition 12.2.2 applies, **we** think it is appropriate to add the charge or expense to another part of the **mortgage debt**, in which case, **we** will add it to the part of the **mortgage debt** **we** think is most appropriate.
- 12.3 Where **you** pay **regular mortgage payments** for different parts of the **mortgage debt** (whether or not on different dates or at different intervals), conditions 17 and 18 apply separately to the **regular mortgage payments** for each part of the **mortgage debt**.
- 12.4 If **we** give **you** at least three months' notice, **you** must pay **us** the **mortgage debt** in full by the time the notice runs out.
- 12.5 If **you** have not paid **us** any amount when **you** were due to, **we** will use any payment that **you** make to **us** which is neither a **regular mortgage payment** nor a **passive overpayment** to pay off the unpaid amount. If any money is left over, it will be an **active overpayment**.
- 12.6 If **you** make an **active overpayment**, **you** must tell **us** which part of the **mortgage debt** **you** want the **active overpayment** to reduce or pay off.
- 12.7 If **you** do not tell **us** which part of the **mortgage debt** **you** want the **active overpayment** to reduce or pay off, **we** will use the **active overpayment** in the following way.
- 12.7.1 **We** will use the **active overpayment** to reduce or pay off the parts of the **mortgage debt** on which no **special rate early repayment charge** is payable. If there is more than one such part, **we** will reduce or pay off the part with the highest interest rate first. If two or more of the parts have the same interest rate, **we** will use the **active overpayment** to reduce or pay off the one which is in the part of **your** mortgage **jar** which has the lowest number on **your** statement.
- 12.7.2 If any of the **active overpayment** remains unused, **we** will use it to reduce or pay off the parts of the **mortgage debt** on which a **special rate early repayment charge** is payable. If there is more than one such part, **we** will reduce or pay off the part with the highest interest rate first. If two or more of the parts have the same interest rate, **we** will use the **active overpayment** to reduce or pay off the one which is in the part of **your** mortgage **jar** which has the lowest part number on **your** statement.

## 13 Pre-agreed reserve and built-up reserve

- 13.1 **We** will lend **you** the **pre-agreed reserve** or the **built-up reserve** (or part of either of them) when **you** ask **us** to unless:
- 13.1.1 **we** believe that **you** have not kept to **your** obligations in these conditions;
- 13.1.2 **you** have given someone else a mortgage (standard security in Scotland) over the **property** without **our** permission;
- 13.1.3 **you** have let the **property** (even with **our** permission);
- 13.1.4 **we** have become aware that any of the things mentioned in condition 31 has happened, so that **you** must pay off the **mortgage debt** immediately;
- 13.1.5 **we** believe someone else is able to claim an interest in the **property** which could affect **our** right to sell it or which will rank ahead of **our** interests under the **mortgage**;
- 13.1.6 **your** personal circumstances have changed and **we** think that this will affect **your** ability to repay the **mortgage debt** and the additional amount **you** have asked **us** for;
- 13.1.7 **we** believe that there has been or is likely to be a material reduction in the value of the **property**;

- 13.1.8 **we** carry out an assessment of **your** ability to repay the extra amount **you** have asked **us** for and **we** reasonably believe that **we** would not satisfy the regulatory requirement on **us** to act as a responsible lender;
- 13.1.9 **you** have a pre-agreed reserve on another Intelligent Finance mortgage which **you** entered into before **your** mortgage **jar** was opened; or
- 13.1.10 the amount **you** ask **us** for is less than £1,000.
- 13.2 If any of the things listed in conditions 13.1.1 to 13.1.8 inclusive happen, **we** will take away the **pre-agreed reserve**.
- 13.3 If **we** give **you** at least 30 days' notice, **we** can change the amount mentioned in condition 13.1.10:
- 13.3.1 to reflect a change in the value of money; or
- 13.3.2 to reflect a change in the cost to **us** of processing requests from customers to borrow the **pre-agreed reserve** or **built-up reserve**.
- 13.4 If **you** have failed to pay **your regular mortgage payment** or any other amount **you** have to pay **us** in connection with **your** mortgage **jar**, **we** will, if **you** ask **us**, let **you** borrow the **built-up reserve** to reduce or pay off the amounts **you** have failed to pay on **your** mortgage **jar** unless:
- 13.4.1 **we** believe that **you** have not kept to **your** other obligations in these conditions;
- 13.4.2 **you** have given someone else a mortgage (standard security in Scotland) over the **property** without **our** permission;
- 13.4.3 **you** have let the **property** (even with **our** permission);
- 13.4.4 **you** must pay off the **mortgage debt** immediately under conditions 31.4, 31.7, 31.8, 31.9 or 31.10;
- 13.4.5 **we** believe someone else is able to claim an interest in the **property** which could affect **our** right to sell it or which will rank ahead of **our** interests under the **mortgage**;
- 13.4.6 **we** believe that there has been or is likely to be a material reduction in the value of the **property**; or
- 13.4.7 **we** have started legal proceedings to repossess the **property**.
- 13.5 **You** cannot ask **us** to release any part of the **built-up reserve** until **you** have borrowed all of the **pre-agreed reserve**. **You** cannot ask **us** to release any part of the **built-up reserve** to **you** in the last three years of the **mortgage repayment period**.
- 13.6 If **you** have another Intelligent Finance mortgage with a pre-agreed reserve, **we** will continue to show the **pre-agreed reserve** for **your** mortgage **jar** on **your** statement even though **you** will not be able to borrow it whilst the earlier mortgage is outstanding.
- 13.7 If **we** give **you** permission to:
- 13.7.1 sell, give away or change the use of the **property** or any part of it; or
- 13.7.2 release **you** (or either of **you**) from **your** obligations under the **mortgage**,
- we** can make it a condition of giving **our** permission that **we** do not have to release the **pre-agreed reserve** or **built-up reserve** (or part of either of them). This will not affect any part of the **pre-agreed reserve** or **built-up reserve** **we** have released to **you** before **we** gave **our** permission.
- 13.8 **You** should make sure that **you** ask **us** at least ten **banking days** before **you** want to borrow any part of the **pre-agreed reserve** or **built-up reserve**.

- 13.9 **We** only have to release the **pre-agreed reserve** (or part of it) in the period **we** state in the **offer** or any **extra agreement**. **We** will review **our** willingness to lend **you** the **pre-agreed reserve** at the end of that period. **We** will tell **you** if **we** are prepared to offer **you** a new **pre-agreed reserve** and, if so, on what terms. If **we** do offer **you** a new **pre-agreed reserve**, the letter that **we** send **you** telling **you** what it will be will be an **extra agreement**.
- 13.10 If, during the **special rate period**, **you** intend to make a payment to reduce a **special rate loan**, **you** should contact **us** before **you** make the payment. This will enable **us** to tell **you** what **special rate early repayment charge** **you** will have to pay **us** in connection with the payment.

## 14 The interest we charge

- 14.1 **We** start charging interest from the date **we** lend **you** money or, in the case of a charge **we** make or expenses **we** incur, from the date it becomes due.
- 14.2 If **we** keep back or **you** choose not to borrow part of the money **we** have agreed to lend, **we** will only charge interest on the money **we** have actually lent.
- 14.3 **We** will charge interest on **special rate loans** at the applicable **special rate**. **We** will charge interest at the **standalone variable mortgage rate** on those parts of the **capital** which are not **special rate loans**.
- 14.4 **We** will charge interest on money borrowed from the **pre-agreed reserve** or **built-up reserve** at the **standalone variable mortgage rate**.
- 14.5 **We** will charge **you** an **added rate** if **we** say so in the **offer** or any **extra agreement**.
- 14.6 If:
- 14.6.1 **you** have let the **property** (with or without **our** permission);
- 14.6.2 **you** have changed the way **you** use the **property** (with or without **our** permission); or
- 14.6.3 something has happened or is likely to happen which makes it more difficult for **us** to use **our** powers over the **property**,
- we** may charge **you**:
- 14.6.4 an **added rate** of not more than 2% a year; or
- 14.6.5 a charge every six months of not more than 1% of the **mortgage debt**.
- We** will give **you** notice if **we** decide to charge **you** this **added rate** or charge. This **added rate** or charge will be in addition to any **added rate** **we** say **we** will charge as mentioned in condition 14.5. **We** may cancel or reduce the **added rate** or charge under this condition 14.6 at any time by giving **you** notice.
- 14.7 **We** may change the interest rate by changing the **standalone variable mortgage rate** or any **added rate**.
- 14.8 **We** will not increase **our standalone variable mortgage rate** so that it is more than 2% above the **Bank of England's base rate**. If **we** charge **you** interest on the **mortgage debt**, or part of it, at a **special rate** which is linked to **our standalone variable mortgage rate**, **you** will get the benefit of this protection on the **standalone variable mortgage rate** element of the **special rate**.

## 15 How your Intelligent Finance plan works

- 15.1 **We** work out the interest on **your mortgage jar** on the basis of the balance at the end of each day. **We** do this calculation on each **key date**.
- 15.2 On the **key date** immediately after the end of each **interest period**, interest which has accrued during that **interest period** on any money **you** owe **us** will be added to the **mortgage debt**.
- 15.3 **We** will charge **you** interest on any money **you** owe **us** at the appropriate interest rate that applies to the relevant part of the **mortgage debt**.
- 15.4 If a court orders **you** to pay **us** any money **you** owe **us**, **we** will continue to charge interest on the money **you** have to pay under the court order. **We** will charge **you** interest on each part of the mortgage **jar** at the interest rate due on the relevant **part**.
- 15.5 **You** can change the **key date** subject to the following conditions:
  - 15.5.1 **you** cannot change the **key date** more than twice in any 12 month period;
  - 15.5.2 **you** must tell **us** what day **you** want to be the new **key date** at least three **banking days** before the day which is due to be the next **key date**;
  - 15.5.3 if the proposed new **key date** is earlier in the month than the old **key date**, the first new **key date** will fall on the corresponding day in the second calendar month after the month of the last old **key date**; and
  - 15.5.4 if the proposed new **key date** is later in the month than the old **key date**, the first new **key date** will fall on the corresponding day in the first calendar month after the month of the last old **key date**.

## 16 When can we change interest rates?

- 16.1 **We** set out details of the interest rates for the different types of **mortgage loan you** can have with **us** online. **We** will also send **you** information about **our** interest rates by post at least once a year.
- 16.2 **We** can change **our** interest rates (other than fixed rates). **We** can do this if it is reasonable to make the change because of the following circumstances:
  - 16.2.1 to reflect a change or changes in the **Bank of England's base rate**;
  - 16.2.2 to reflect changes in rates of interest charged or paid by other major banks or financial organisations;
  - 16.2.3 to reflect a decision or recommendation made by, or a requirement of, a court, ombudsman, regulator or similar organisation or an undertaking to the Director General of Fair Trading or a qualifying body (as defined in the Unfair Terms in Consumer Contracts Regulations 1999);
  - 16.2.4 to reflect changes to the law, codes of practice or the way **we** are regulated;
  - 16.2.5 to reflect changes to standards published by other organisations which **we** agree will apply to **your Intelligent Finance plan** or the mortgage **jar** in it;
  - 16.2.6 to reflect changes to the way **we** look after **your Intelligent Finance plan** or Intelligent Finance plans generally (including changes in the technology **we** use) because of:
    - 16.2.6.1 the steps **we** have taken to modernise or improve **our** systems for managing Intelligent Finance plans generally; or



16.2.6.2 reasons outside **our** control;

16.2.7 because:

16.2.7.1 **we** are going to take over, take control of or acquire the business of another bank or organisation offering similar services;

16.2.7.2 **we** are going to be taken over or **our** business is acquired by another bank or organisation; or

16.2.7.3 any of those things has happened,

and the change will make sure that **our** customers and the customers of the other bank or organisation are treated in a similar way if they are in similar categories.

Where **we** refer to changes in the above list, **we** mean changes **we** know or reasonably believe will happen or changes which have already taken place.

16.3 **We** can also change **our** interest rates (other than fixed rates) **we** charge **you** on money **you** owe **us** to reflect changes in the cost to **us** of raising the money **we** lend to customers.

16.4 **We** can also change interest rates (other than **special rates**) for any other valid reason.

16.5 If **we** change interest rates on any part of your mortgage **jar**, **we** will give **you** notice within 30 days of any change.

16.6 If **we** change the interest rate under condition 16.4 (that is to say, if **we** change it for a valid reason which is not set out in conditions 16.2 or 16.3), **we** will say so in the notice of the change **we** give **you** under condition 16.5.

## 17 Special rate loans

17.1 If **we** say so in the **offer** or in any **extra agreement**, **we** will charge **you** interest on the **special rate loan** at the **special rate** plus any **added rate** during the **special rate period**.

17.2 When conditions 15.2 or 20.5 allow **us** to charge **you** interest on any unpaid interest on the **special rate loan**, or on any charge which **we** add to the **special rate loan**, **we** may choose whether the interest is to be charged:

17.2.1 at the **standalone variable mortgage rate** plus any **added rate**; or

17.2.2 at the **special rate** plus any **added rate**.

17.3 If and while the interest rate on **your mortgage loan** is or includes a **special rate**, the following limitations will apply to **our** right to change it for any of the reasons in conditions 16.2, 16.3 and 16.4.

17.3.1 If the **special rate** is a fixed rate, **we** will not change it.

17.3.2 If the **special rate** is a capped rate, **we** will not raise the **special rate** to more than the maximum interest rate **we** set out in the **offer** or any **extra agreement**.

17.3.3 If the **special rate** is a collared rate, **we** will not reduce the **special rate** to less than the minimum interest rate **we** set out in the **offer** or any **extra agreement**.

17.3.4 If the **special rate** is a discounted rate, **we** may change the **special rate** by changing the **standalone variable mortgage rate** but not the discount **we** take off the **standalone variable mortgage rate**.

- 17.3.5 If the **special rate** is a tracker rate, **we** will change the **special rate** when the external rate (an interest rate not set by **us**) to which it is linked changes. **We** will change the **special rate** within 30 days of the official publication of the decision to change the rate to which it is linked. **We** will change the **special rate** in line with the change in the external rate. The **special rate** will be the amount above or below the external rate which applies at the time of the change as set out in the **offer** or any **extra agreement**.
- If a **special rate** is a combination of two or more types of **special rate** (for example, a capped and collared rate), each of the relevant limitations described in this condition 17.3 will apply.
- 17.4 **We** may, on giving **you** 30 days' notice, cancel the **special rate** or change the **special rate period** or the part of the **capital** which the **special rate** applies to if:
- 17.4.1 the **offer**, or any **extra agreement**, allows **us** to do this;
- 17.4.2 **you** do not keep to the terms in the **offer** or any **extra agreement**; or
- 17.4.3 **you** must pay off the **mortgage debt** immediately under condition 31.
- We** will then charge interest at the **standalone variable mortgage rate** plus any **added rate**.
- 17.5 Unless the **offer** or an **extra agreement** says **you** cannot, **you** can pay off part of the **special rate loan** during the **special rate period**, if **you** pay any **special rate early repayment charge** that the **offer** or any **extra agreement** says is payable.
- 17.6 From the end of the **special rate period**, **we** will charge interest at the **standalone variable mortgage rate**, plus any **added rate** which applies, on the part of the **capital** which used to be the **special rate loan**.

## 18 The regular mortgage payments

- 18.1 **You** must pay **us** the **regular mortgage payments** on each **key date**. **You** then have to carry on paying **us** the **regular mortgage payments** until **you** have paid off the **mortgage debt** in full.
- 18.2 **You** must pay **us** the **regular mortgage payments** in the way **we** say (for example, by internal transfer from a jar within another Intelligent Finance plan or direct debit). If **we** tell **you** to pay them by internal transfer from another jar in an Intelligent Finance plan or direct debit, **we** may also use the internal transfer or direct debit system to collect any of **our** charges **you** have to pay **us**.
- 18.3 If **we** give **you** at least 30 days' notice, **we** can change the way **you** have to pay the **regular mortgage payments** for any of the following reasons.
- 18.3.1 Because changes in the banking system mean that:
- 18.3.1.1 the way **you** make **your regular mortgage payments** has become, or is about to become obsolete;
- 18.3.1.2 a quicker or safer way of making **your regular mortgage payments** has been introduced or become more widely available.
- 18.3.2 To reflect any changes in the law, codes of practice, the way **we** are regulated, recommendations of the Financial Services Authority or any other regulatory body, standards published by other bodies which **we** agree will apply to **your Intelligent Finance plan** or **your mortgage jar**.
- 18.3.3 To reflect a decision or recommendation made by, or a requirement of, a court, ombudsman, regulator or similar body or an undertaking given to the Director General of Fair Trading or a qualifying body (as defined in the Unfair Terms in Consumer Contracts Regulations 1999).

18.4 Any payment made to the mortgage **jar** (including the **regular mortgage payment**) is used:

18.4.1 first to pay the current **regular mortgage payment**; and

18.4.2 the towards repaying any arrears on the **mortgage debt**; and

18.4.3 then towards repaying the **capital**.

If **you** have more than one part to **your mortgage jar**, the **regular mortgage payment** is applied in this way to each part in turn in the order in which **we** number them on **your statements**.

18.5 If **you** have failed to pay all or part of one or more **regular mortgage payment** when it was due and **you** still owe **us** the unpaid amount, **we** may decide which part of the **mortgage debt** **we** are going to pay off with the amount **you** do pay.

## **19 Changes to the regular mortgage payments and the mortgage repayment period**

19.1 **We** may change the **regular mortgage payments** or the **mortgage repayment period** (or both). **We** may do this if:

19.1.1 **we** stop treating any part of the **mortgage debt** as an interest-only **mortgage loan**;

19.1.2 **we** ask **you** to start paying **capital** again (see conditions 21.3 and 21.4);

19.1.3 **you** borrow more money from **us**;

19.1.4 **we** agree that **you** can stop paying **regular mortgage payments** for a period;

19.1.5 **you** take a **payment holiday**; or

19.1.6 if **we** need to reflect a change to:

19.1.6.1 the interest rate (including a change caused by **us** applying, cancelling or changing an **added rate** or a **special rate**);

19.1.6.2 the period during which an **added rate** or a **special rate** applies;

19.1.6.3 the part of the **capital** which an **added rate** or a **special rate** applies to; or

19.1.6.4 the amount of the **capital**.

19.2 **We** may also change the **regular mortgage payment** if there is a change to the **mortgage repayment period** or the **key date**.

19.3 **We** will not set a new **regular mortgage payment** merely because **you** make an **active overpayment**, a **passive overpayment** or any other payment.

19.4 **We** will give **you** the choice of changing the **regular mortgage payment** each time the interest rate changes or having the same **regular mortgage payment** for a 12 month period.

19.5 When **we** set a new **regular mortgage payment**, **we** will take into account the amount **you** owe **us** (but not any unpaid **regular mortgage payments**), the interest rates that apply at that time and, how long the **mortgage repayment period** has left to run. **We** will work out the new **regular mortgage payment** in a way that can reasonably be expected to result in the **mortgage debt** being repaid in full by the end of the **mortgage repayment period**.

19.6 **We** will give **you** notice if **we** change the **regular mortgage payments** or the **mortgage repayment period**.

- 19.7 If **we** give **you** a notice extending the **mortgage repayment period**, the extension will not apply if, within seven days of getting **our** notice, **you** give **us** notice that **you** want to increase the **regular mortgage payments** so **you** can pay off the **mortgage debt** by the end of the current **mortgage repayment period**.
- 19.8 If **you** give **us** notice under condition 19.7, **we** will tell **you** how much the **regular mortgage payments** will be to pay off the **mortgage debt** by the end of the current **mortgage repayment period**. If **you** do not keep up the increased **regular mortgage payments**, **we** may give **you** another notice giving **you** a longer **mortgage repayment period** and reducing the **regular mortgage payments**. **Your** right to give notice under condition 19.7 will not apply to any extra **mortgage repayment period** **we** give **you** under this condition 19.
- 19.9 If **you** ask **us** to change **your key date**, this can have the effect of lengthening **your mortgage repayment period**.

## 20 Payment holidays

- 20.1 **You** may take a **payment holiday** if:
- 20.1.1 **you** have kept to **your** obligations under these conditions;
- 20.1.2 **you** have not given someone else a mortgage (standard security in Scotland) over the **property**;
- 20.1.3 **you** have not let the **property** (even with **our** permission);
- 20.1.4 **you** do not have to pay off the **mortgage debt** immediately under condition 31;
- 20.1.5 no one else is able to claim an interest in the **property** which could affect **our** right to sell it or which will rank ahead of **our** interests under the **mortgage**;
- 20.1.6 **your** personal circumstances have not changed to the extent that **we** think that this will affect **your** ability to repay the **mortgage debt** over the remaining **mortgage repayment period**; and
- 20.1.7 none of the conditions set out in the **offer** or an **extra agreement** for when a **payment holiday** cannot be taken apply.
- 20.2 **You** cannot take a **payment holiday**:
- 20.2.1 in the first six months or the last three years of the **mortgage repayment period**;
- 20.2.2 if **you** have already taken two **payment holidays** on the mortgage **jar** in the same calendar year or
- 20.2.3 part of the **mortgage debt** is charged interest at a fixed rate, or a discounted rate that follows immediately after a fixed rate.
- 20.3 **We** may cancel a **payment holiday** at anytime after **you** have applied for it but before it starts. **We** will only do this if **we** become aware of something which, had **we** known it at the time **you** told **us** **you** wanted to take the **payment holiday**, would have shown **us** **you** were not entitled to take the **payment holiday**.
- 20.4 During a **payment holiday**, **you** do not have to pay the **regular mortgage payment**. If **you** make any payment to **your** mortgage **jar** during a **payment holiday**, **we** will treat it as an **active overpayment** and not as a **regular mortgage payment** in respect of any part of the mortgage **jar**.
- 20.5 If **you** take a **payment holiday**, **we** will continue to charge **you** interest in the way set out in condition 14 and add it to the **mortgage debt**. **We** will work out **your** new **regular mortgage payment** based on the increased **mortgage debt**. **You** will have to repay the increased **mortgage debt** and any extra interest due on it over the remaining **mortgage repayment period**. This will mean that **your regular mortgage payment** will go up. **We** will tell **you** what **your new regular mortgage payment** is.

## 21 Suspending the repayments of capital

- 21.1 If **we** say in the **offer** or in an **extra agreement** that a part of the **mortgage debt** is an interest-only **mortgage loan**:
- 21.2.1 **you** do not have to repay the **capital** of that part of the **mortgage debt** until the end of its **mortgage repayment period**; and
- 21.2.2 **you** only have to pay **interest** on the **capital**.
- 21.3 Even if **we** have not said in the **offer** or an **extra agreement** that part of the **mortgage debt** is an interest-only **mortgage loan**, **we** may allow **you** to suspend the repayment of **capital**. If this happens:
- 21.3.1 **you** must pay the reduced **regular mortgage payments we tell you**; and
- 21.3.2 **we** can give **you** notice to start repaying **capital**. If this happens, **we** can, at any time, give **you** notice to increase the **regular mortgage payments** in the same way as mentioned in condition 21.4.
- 21.4 If **you** do not keep to **your** obligations in condition 29, or if any of the things in condition 31 happen, **we** may write and tell **you** that:
- 21.4.1 **we** are no longer treating a part of the **mortgage debt** as an interest-only **mortgage loan**; and
- 21.4.2 **you** must increase the **regular mortgage payments** so that **you** pay off the **mortgage debt** in full by the end of the **mortgage repayment period**.
- 21.5 **Our** rights under condition 21.4 are on top of **our** rights under conditions 31 and 32.

## 22 Special rate early repayment charge

- 22.1 If the **offer** or any **extra agreement** says that **you** have to pay a **special rate early repayment charge**, **you** will have to pay it if any of the following happen during the **special rate early repayment charge period**.
- 22.1.1 **You** make an **active overpayment** to any part of the **mortgage debt** to which a **special rate early repayment charge** applies.
- 22.1.2 **You**, **we** or anybody else sells the **property**.
- 22.1.3 **You** have to pay the **mortgage debt** immediately for any of the reasons in condition 31 other than condition 31.5.
- 22.2 If **you** pay off part of the **mortgage debt** to which the **special rate early repayment charge** applies, **we** will only ask **you** to pay part of the **special rate early repayment charge**. In all other circumstances, **you** will have to pay **us** all of the **special rate early repayment charge**.
- 22.3 If the **special rate early repayment charge** is payable because of condition 22.1.2, **we** will add the **special rate early repayment charge** to the amount to be paid to **us**, or kept back by **us** out of the proceeds of the sale.
- 22.4 **We** will not charge **you** a **special rate early repayment charge** if **you** are buying another property with the assistance of a mortgage loan from **us** provided:
- 22.4.1 the new mortgage loan consists of a special rate loan for the same amount or more than the **special rate loan you** are repaying;
- 22.4.2 the new special rate loan is on the same terms (including rate) as the **special rate loan you** are repaying;
- 22.4.3 **you** repay the **mortgage debt** on the day **you** enter into **your** new mortgage;

- 22.4.4 the amount of the new mortgage loan is £25,001 or more;
- 22.4.5 the mortgage repayment period for the new mortgage loan is five years or more;
- If the new special rate loan **you** borrow is less than the amount of the **special rate loan** **you** are repaying, **we** will work out the **special rate early repayment charge** **you** have to pay **us** based on the difference between the whole of the **special rate loan** amount on the **mortgage** **you** are repaying and the special rate loan amount on the new mortgage.
- 22.5 **Our** decision to make a new mortgage loan will depend on **our** lending policy at that time and **our** assessment of **your** circumstances. **We** will not be under any obligation to make **you** a new mortgage loan.
- 22.6 Condition 22.4 only applies if **you** are buying one new property. If there are two of **you** and:
- 22.6.1 **you** are each buying separate properties, **you** must decide which of **you** is to get the benefit of condition 22.4. If you cannot agree between **you** before **you** repay the **mortgage debt**, **you** will have to pay the full **special rate early repayment charge**; or
- 22.6.2 **you** are both buying the same property and each of **you** already has an Intelligent Finance mortgage, **you** will only be able to transfer one **special rate loan** to the new mortgage.
- 22.7 **We** will not charge a **special rate early repayment charge** or any other early repayment charges in connection with **you** repaying the **mortgage debt** if:
- 22.7.1 **we** increase the interest rate under condition 16.4 (that is to say, if **we** increase it for a valid reason which is not set out in conditions 16.2 or 16.3) and **you** repay the full **mortgage debt** within three months of **our** telling **you** of the change; or
- 22.7.2 **we** tell **you** that **we** are going to charge an **added rate** or a charge on a **special rate loan** in accordance with conditions 14.6.4 or 14.6.5 and **you** repay the full **mortgage debt** within three months of **our** telling **you** that **we** are going to charge **you** the **added rate** or the charge; or
- 22.7.3 **we** tell **you** that **we** are going to increase an **added rate** and **you** repay the full **mortgage debt** within three months of **our** telling **you** that **we** are going to increase the **added rate**.
- 22.8 If there are two of **you** and one of **you** dies, the survivor can ask **us** for a new mortgage loan to repay the **mortgage debt**. If the new mortgage loan **is** on the same terms (including rate) as the **mortgage debt** and the survivor's request satisfies **our** lending criteria at that time, **we** will lend the survivor a new mortgage loan. If **we** do not agree to the request, **we** will not charge any early repayment charges in connection with the repayment of the **mortgage debt** if the survivor repays the **mortgage debt** within three months of **our** telling them that **we** are not prepared to lend a new mortgage loan.

## 23 Charges and expenses

- 23.1 **We** can make charges in connection with **your Intelligent Finance plan** and **your mortgage jar**.
- 23.2 **We** can make charges for services **we** make available to **you**.
- 23.3 **We** set out details of **our** charges in leaflet format and online.
- 23.4 **We** can change the amounts **we** charge **you**, make new or different charges and change the way **you** have to pay charges. **We** may do this to reflect changes to the cost of doing the work or providing the services.

- 23.5 If **you** belong to a category of customers which **we** reasonably believe should receive special treatment, **we** may also change the amounts of charges, make new or different charges or change how **you** have to pay charges to make the charges more favourable to **you**.
- 23.6 If **you** ask to use a special service, **we** will tell **you** the charge.
- 23.7 If **we** incur an expense as a result of anything **we** are entitled to do in connection with **your Intelligent Finance plan** or anything **you** have done or not done, **you** have to pay **us our** expenses. This includes the cost of getting back any money **you** owe **us** and any legal proceedings started by or against **us** in connection with **your Intelligent Finance plan**.
- 23.8 If **you** do not pay any charge **we** make or expense **we** incur when **you** have to, **we** will charge interest on it until it is paid.
- 23.9 **You** must pay **us** any tax properly chargeable on any charge **we** make or expense **we** incur in connection with **your Intelligent Finance plan**.

## 24 Your statements

- 24.1 **We** will provide **you** with a statement once a year, unless the law or a regulation requires **us** to provide **you** with a statement more frequently.
- 24.2 **You** should check **your** statements and let **us** know as soon as **you** can if **you** think that they are wrong.
- 24.3 Paper statements **we** send **you** will show the position for **your Intelligent Finance plan** at 8.30 p.m. on the day the statement is produced. Any transactions that take place after 8.30 p.m. on that day will appear on the next statement.

## 25 Your legal responsibility for the property

**You** agree to the following.

- 25.1 **You** must use the **property** as **your** only or main home unless **we** agree otherwise.
- 25.2 **You** must keep the **property** in good repair.
- 25.3 **You** must make any payments **you** have to pay in connection with the **property** on time.
- 25.4 **You** must keep to any obligations **you** have concerning the **property**.
- 25.5 **You** must get **our** permission before **you**:
- 25.5.1 sell any part of the **property**;
- 25.5.2 let any part of the **property**, change the terms of any lease or allow a tenant (if there is one) to give up their lease, give up possession of the **property**;
- 25.5.3 grant someone a licence or right to occupy all or part of the **property**;
- 25.5.4 give someone else a **mortgage** or other security over any part of the **property**;
- 25.5.5 give any part of the **property** away;
- 25.5.6 alter or extend the **property**;

- 25.5.7 change how the **property** is used or apply to any planning authority for consent to make such a change; or
- 25.5.8 negotiate, waive or settle any claim for compensation for the compulsory purchase, loss or reduction in the value of the **property**; or
- 25.5.9 apply for or get an improvement grant or other similar grant.
- If **we** give **our** permission, **you** must keep to any reasonable conditions **we** set **you**.
- 25.6 **You** must carry out any building or repair work which:
- 25.6.1 we agree **you** can do;
- 25.6.2 is needed to maintain the value of the **property**; or
- 25.6.3 the law says **you** must do.
- 25.7 **You** must tell **us** if **you** are going to become the owner of a new or increased interest in the **property** or any land or building which includes the **property** (for example, if the **property** is leasehold and **you** buy the freehold). If this happens, **you** must send **us** any document giving **you** the new or increased interest. **You** must give **us** (if **we** ask for it) a new mortgage over the new or increased interest. **We** must approve the terms of the new mortgage deed (or standard security in Scotland).
- 25.8 If **we** ask **you**, **you** must deposit with **us** any document relating to the **property** or the ownership of the **property** held by **you** or on **your** behalf.
- 25.9 If **we** ask **you**, **you** must deposit with **us** any share certificate or membership certificate relating to **your** membership of a management company, or a residents' association, commonhold association or society (or other similar organisation) connected with the **property**.
- 25.10 **You** must pay **us** the amount of any claim **we** pay to anybody else because **you** have not kept to these conditions about the **property**.
- 25.11 If **you** do not keep to any of **your** obligations to do with the **property**, **we** may keep to them for **you**.

## 26 Our right to enter the property

**We**, or someone acting on **our** behalf, may come into the **property** to inspect it or to do any work **you** have not done. Unless **we** cannot contact **you** or it is an emergency, **we** will tell **you** beforehand. If **we** enter the **property** under this condition 26, it does not mean **we** have accepted the legal responsibilities of a mortgage lender in possession of the **property**.

## 27 Insuring the property

- 27.1 **You** must ensure that the **property** is insured at all times. The following terms will apply.
- 27.1.1 The insurance must be in the joint names of **you** and **us**. If this is not possible (for example, because a landlord leases the **property** to **you** and the insurance has to be in the landlord's name), **you** must arrange for **our** interest in the **property** to be noted on the policy.
- 27.1.2 The policy must cover the following risks: fire, lightning, aircraft, explosion, earthquake, storm, flood, escape of water or oil, riot, malicious damage, theft or attempted theft, falling trees and branches and aerials, subsidence, landslip, heave, collision, accidental breakage of glass and sanitary ware and accidental damage to underground services and any other risk **we** reasonably say and all risks covered by a comprehensive householder's insurance policy. If **you** wish, **you** may arrange for the policy to cover more risks.



- 27.1.3 **You** must be insured against public liability to anyone else.
- 27.1.4 The **property** must be insured for an amount not less than the full reinstatement value of the **property** and must include demolition costs and value added tax. This amount must be index linked or reviewed every year.
- 27.1.5 The excess (the amount of each claim **you** must pay) must not be more than the limits **we** set from time to time.
- 27.1.6 **You** must keep the insurance in force.
- 27.1.7 **You** must not do anything which would mean the insurance ends, is cancelled or becomes invalid.
- 27.1.8 **You** must show **us** details of the insurance and proof that it is still in force, if **we** ask **you**.
- 27.1.9 **You** must claim under the policy for any damage **you** are covered for unless **you** put the damage right.
- 27.2 **We** may insure the **property** if:
- 27.2.1 **you** are not insuring it (and **we** have not agreed that anybody else can insure it); or
- 27.2.2 **you** break the terms in conditions 27.1 or 27.6.
- 27.3 If **we** insure the **property**, **we** will decide:
- 27.3.1 who the insurer will be;
- 27.3.2 whether to insure the **property** direct or through an agent or broker;
- 27.3.3 what will be covered by the policy; and
- 27.3.4 the amount of the sum insured and any excess.
- 27.4 **We** may also insure the **property** if **you** ask **us** to arrange the insurance for **you**. **We** will insure it on the terms **we** agree with **you**.
- 27.5 Conditions 27.6 to 27.10 apply whoever insures the **property**.
- 27.6 **You** must make sure that nothing happens which may:
- 27.6.1 reduce the risks the **property** is covered for or the amount of the sum insured;
- 27.6.2 increase the premiums or the excess;
- 27.6.3 prevent or hinder any claim from being settled in full; or
- 27.6.4 make the insurance invalid.
- 27.7 **You** must tell **us** straight away if:
- 27.7.1 the **property** gets damaged and **you** or anyone else will need to make a claim; or
- 27.7.2 the insurance becomes invalid or comes to an end for any reason and **you** do not take out suitable replacement insurance.
- 27.8 **We** have a right to settle all insurance claims on reasonable terms.
- 27.9 **We** may use any money from a claim to:
- 27.9.1 repair or rebuild the **property**; or
- 27.9.2 reduce or pay off the **mortgage debt**.

- 27.10 If **you** receive any money from an insurance claim, **you** must hold all the money on trust for **us**, whether or not **we** agreed to the insurance.
- 27.11 Conditions 27.3 to 27.10 will apply to any contents insurance which **we** arrange for **you**, with **your** permission, or if **you** leave any contents in the **property** after **we** repossess it.

## **28** Other insurance

- 28.1 This condition 28 applies to any of the following kinds of insurance taken out by **you** or anybody else in connection with the **property**.
- 28.1.1 Insurance taken out to cover any of **your** responsibilities under the **mortgage** (including **your** responsibility to pay the **regular mortgage payments**).
- 28.1.2 Insurance for work carried out by a builder or other contractor.
- 28.1.3 Any kind of title insurance or search insurance.
- 28.2 **We** may pay for the insurance if no one else does.
- 28.3 **We** have a right to settle all insurance claims on reasonable terms.
- 28.4 If **you** receive any money from an insurance claim, **you** must hold all the money on trust for us, whether or not **we** agreed to the insurance.
- 28.5 **We** may use any money from a claim to:
- 28.5.1 reduce or pay off the **mortgage debt**; or
- 28.5.2 make good the loss, damage or defect which the insurance money was paid for.

## **29** Your legal responsibility for the investment plan

- 29.1 If any part of the **mortgage debt** is an interest-only **mortgage loan**, **you** must have, or take out, and maintain a suitable **investment plan** to repay the **capital** at the end of the **mortgage repayment period** for the interest-only **mortgage loan**.
- 29.2 If an **investment plan** is used in connection with the **mortgage**, **you** must make sure that nothing is done which could mean that the **investment plan**:
- 29.2.1 ends (unless the money due under the **investment plan** is paid to **us**);
- 29.2.2 is cancelled;
- 29.2.3 becomes invalid;
- 29.2.4 loses any tax benefits;
- 29.2.5 is used to secure or pay off a debt owed to anyone else; or
- 29.2.6 is reduced in value as a result of anything that **you** have done or **you** have not done.
- 29.3 **We** are under no duty to tell **you** if **we** find out that any of these things happen. If any of these things do happen, **we** can tell **you** to start the original **investment plan** again or to take out another **investment plan**.

- 29.4 If **we** ask **you**, **you** must:
- 29.4.1 show **us** details of the **investment plan** and proof that it is still in existence; and
- 29.4.2 let **us** hold any documents relating to the ownership of the **investment plan**.

## **30 Acting as attorney for you**

- 30.1 By way of security, **you** appoint **us**, and (as a separate appointment) anyone **we** appoint to receive any income from the **property**, to be **your** attorney. **You** cannot cancel this appointment until the money secured by the **mortgage deed** is paid off in full.
- 30.2 **Your** attorney will be authorised to act in **your** name and on **your** behalf and will have the following rights.
- 30.2.1 To receive any money due to **you** to do with:
- 30.2.1.1 the **property**;
- 30.2.1.2 any right to the **property** or power or claim over it;
- 30.2.1.3 the insurance of the **property** or any guarantee or compensation relating to it; or
- 30.2.1.4 any other insurance described in condition 28.
- 30.2.2 To enforce **your** rights or take over **your** right to make any claim or do anything else (including bringing or continuing court or arbitration proceedings) to do with:
- 30.2.2.1 the **property**;
- 30.2.2.2 the insurance of the **property** or any guarantee or compensation relating to it; or
- 30.2.2.3 any other insurance described in condition 28.
- 30.2.3 To use any money received as **your** attorney to reduce or pay off the **mortgage debt**, put right any defect in the title to the **property**, repair or rebuild the **property**, or pay any money which **you** have not paid under the **mortgage**.
- 30.2.4 To instruct anybody (such as a solicitor) who has any documents or accounting information (including tapes, films or computer records) about the **property** or the ownership or insurance of the **property** to let **us** look at them, take copies of them or ask for them to be sent to **us**.
- 30.2.5 To transfer any share or membership right in any management company or residents' association, commonhold association or society (or other similar organisation) connected with the **property** which **you** are a member of.
- 30.2.6 To ask for the cancellation and reissue of any certificate in respect of any share or membership right in any management company or residents' association, commonhold association or society (or other similar organisation) connected with the **property** which **you** are a member of.
- 30.3 If the **investment plan** is one which **you** could assign to **us**, **your** attorney will have the following rights.
- 30.3.1 To receive any money due to **you** under the **investment plan**.
- 30.3.2 To take over **your** right to receive any money due to **you** under the **investment plan**.
- 30.3.3 To sell, cash in, change or deal with the **investment plan** if **you** have to pay off the full **mortgage debt** under condition 31.

- 30.3.4 To enforce any right which **you** have not enforced in connection with the **investment plan**.
- 30.4 If the **investment plan** is one which **you** cannot assign to **us**, and **you** have to pay off the full **mortgage debt** under condition 31, **your** attorney may (so far as the law allows) do anything **you** could have done to end the **investment plan**, sell the investments in the **investment plan**, deal with the **investment plan** and receive any money due under the **investment plan**.
- 30.5 If there is more than one of **you**, the attorney will act for all of them together and each of them separately.

## **31** When the mortgage debt has to be repaid immediately

If any of the things mentioned in this condition happen, **you** must pay **us** the **mortgage debt** immediately.

- 31.1 If **you** have not paid all the money **you** have to pay **us** on time and the shortfall is equivalent to two **regular mortgage payments**. **We** do not count **regular mortgage payments** **you** miss if **you** take a **payment holiday** under condition 20.
- 31.2 If **you** do not keep to any of **your** obligations under these conditions or in the **offer** or an **extra agreement** (other than an obligation to pay money).
- 31.3 If **you** do not pay **us** the **mortgage debt** in full by the time any notice under condition 12.4 runs out.
- 31.4 If:
- 31.4.1 **you** enter into a voluntary arrangement with anyone **you** owe money to (or **you** are going to do so);
- 31.4.2 **you** apply to a court for an interim order; or
- 31.4.3 a bankruptcy order is made against **you** or **we** think that one is likely to be made.
- 31.4.4 anybody takes any of **your** money or property to recover a debt; or
- 31.4.5 anybody applies for a court order or decree against **you** to do with the **property** and this could harm **our** security.
- 31.5 If **you** die or, if there are two of **you**, one of **you** dies.
- 31.6 If **you** have given **us** any false or misleading information.
- 31.7 If the **property** is compulsorily purchased.
- 31.8 If the **property** is in Scotland and **we** have given **you** a calling up notice under the Conveyancing and Feudal Reform (Scotland) Act 1970 and **you** have not paid **us** the full **mortgage debt**.
- 31.9 If **you** are involved in any serious criminal activity or fraudulent activity, unless **your** only involvement is as a victim.
- 31.10 At the end of the **mortgage repayment period**.

## **32** Our right to take possession of the property

- 32.1 If **you** must pay off the **mortgage debt** immediately under condition 31, **we** may:
- 32.1.1 make **you** leave the **property** (if **you** have not already done so) so that **we** can take possession of it;
- 32.1.2 sell the **property**;

- 32.1.3 use the other powers given to mortgage lenders under the Law of Property Act 1925 (if the **property** is in England or Wales), the Conveyancing and Feudal Reform (Scotland) Act 1970 (if the **property** is in Scotland) or the Conveyancing Acts 1881 and 1911 (if the **property** is in Northern Ireland);
- 32.1.4 use the extra powers **we** have under these conditions;
- 32.1.5 let the **property** on any reasonable terms; or
- 32.1.6 if the **property** is in Scotland, ask the Sheriff Court of the district where the **property** is located for a warrant of summary ejection. **We** will only do this if **we** have given **you** at least seven days' notice to leave the **property**. **You** agree that, if **we** have given **you** this notice, **you** will not try to stop **us** getting a warrant of summary ejection and that **you** and everyone living there will leave the **property** when **we** tell them to.
- 32.2 **We** may use **our** legal power to sell the **property**, the **investment plan** or the investments that make up the **investment plan** even if **we** have not taken possession of them. The restrictions in section 103 of the Law of Property Act 1925 and section 20 of the Conveyancing Act 1881 will not apply.
- 32.3 If **you** agree, **we** may use **our** powers in this condition even though **you** do not have to pay the **mortgage debt** immediately under condition 31.
- 32.4 If **we** do not receive payment of the **mortgage debt** in full when the **property** is sold, **you** must pay **us** the money **you** still owe **us**. **We** will continue to charge **interest** on the money **you** still owe **us** until **you** pay it off in full.

### 33 Things left in the property

If **we** take possession of the **property**, **we** may, as **your** agent, remove, store, sell or get rid of anything **you** leave at the **property** (including animals). **You** will have to pay **our** expenses of doing this.

### 34 How we use the money received by us

- 34.1 If **we** receive any money when **we** use any of **our** powers under conditions 30 or 31, **we** will use the money in the following order:
  - 34.1.1 To pay the current **regular mortgage payment**.
  - 34.1.2 To reduce or pay off any arrears on the **mortgage debt**.
  - 34.1.3 To reduce or pay off the **capital** (except for the expenses mentioned below in this condition).
  - 34.1.4 To pay all expenses of using **our** powers.
- If **you** have more than one part to **your** mortgage **jar**, the money **we** receive will be applied in this way to each part in turn in the order in which **we** number them on **your** statements.
- 34.2 Examples of **our** expenses are:
  - 34.2.1 the costs of any legal proceedings in connection with the **mortgage** or the **property** (whether brought by, or against, **you** or anybody else);
  - 34.2.2 the cost of valuing or inspecting the **property**;
  - 34.2.3 the costs **we** pay to recover any money **you** owe **us**, or to create or protect **our** security, or in using **our** legal rights and powers under these conditions relating to the **mortgage**;

- 34.2.4 **our** reasonable costs resulting from **you** breaking any of the conditions under these conditions relating to the **mortgage**, including any costs **we** incur in putting right any breach of the conditions by **you**;
- 34.2.5 the costs of any insurance **we** take out or arrange under the **mortgage**; or
- 34.2.6 any administration fees **we** charge for any work **we** do or services **we**, **our** holding company or another subsidiary of **our** holding company provide in connection with the **mortgage** or the **property**.
- 34.3 If **we** use **our** powers under conditions 30.1 or 32, **we** will pay any amount left over from the money **we** receive from the sale of the **property** to anybody who has a mortgage or other security over the **property** and, if there is none, to **you**.
- 34.4 If **we** use **our** powers under conditions 30.3 or 30.4, **we** will pay any amount left over from the money **we** receive to anybody who has a mortgage or other security over the **investment plan** and, if there is none, to **you** or **your** personal representatives.

## 35 Continuing security

- 35.1 The **property** and the **mortgage deed** are security for the **mortgage debt** and also for any other money **you** owe **us** under these conditions. **We** will not release any security **we** hold until **you** have paid all this money.
- 35.2 Condition 35.1 does not apply to any money **you** owe **us** under an agreement which the Consumer Credit Act 1974 regulates unless **we** have met the terms of that Act.
- 35.3 **You** promise to sign any document **we** may need to safeguard **our** security or to protect **our** interest in the **property** or any **investment plan**. **We** will prepare any document at **your** cost.

## 36 Your rights

- 36.1 **You** may pay off all or part of the **mortgage debt** at any time without giving **us** notice (unless the **offer** or any **extra agreement** says that **you** cannot).
- 36.2 **You** may use the **property** and keep any money (such as rent) from it until **you** have to pay off the **mortgage debt** immediately under condition 31. **We** may ask **you** to pay the rent to **us** as a condition of allowing **you** to let the **property**.

## 37 Criminal damage compensation

If the **property** is in Northern Ireland and suffers damage and the Compensation Agency agrees to pay compensation for the damage:

- 37.1 **you** will hold the compensation paid by the Compensation Agency to **you** on trust for **us**, unless an insurer has paid money under an insurance policy for the same damage, in which case **you** will only hold on trust for **us** the part of the compensation that is not paid to the insurer; and
- 37.2 **we** may use any money paid by the Compensation Agency to repair or rebuild the **property** or to reduce or pay off the **mortgage debt**.

## 38 General

- 38.1 Telephone calls to or from **us** (or someone acting on **our** behalf) may be monitored and recorded by **us** (or someone acting on **our** behalf). **We** may do this to check any instructions **you** give **us** over the telephone and to help **us** train **our** staff.
- 38.2 **We** may limit the amount **you** or someone else may pay into any **jar** in **your Intelligent Finance plan** if **we** think this is necessary to:
- 38.2.1 run **our** business lawfully;
- 38.2.2 make sure **our** financial regulator approves of the way **we** run **our** business; or
- 38.2.3 take account of changes in market conditions.
- 38.4 For administrative reasons, **we** can change any address, website or telephone number, **we** use in connection with any part of **your Intelligent Finance plan** or the name or number of **your Intelligent Finance plan** or the mortgage **jar** by giving **you** notice first.
- 38.5 For similar reasons, **we** can also change the name of any service **you** use in connection with **your Intelligent Finance plan** or the mortgage **jar**, without giving **you** notice.
- 38.6 **You** must give **us** an example of **your** signature if **we** ask **you** to.
- 38.7 Unless the law or a regulation says **we** cannot, **we** will keep any commission paid or allowed in connection with any insurance or other thing which **we** arrange.
- 38.8 **You** must give the mortgage **jar** in **your Intelligent Finance plan** a name. **You** must not use a name that is inappropriate, illegal, offensive or defamatory.
- 38.9 **We** will not be liable to **you** if **we** are unable to perform any particular service or **our** obligations to **you** for any reason outside **our** control.
- 38.10 Each paragraph and subparagraph in these conditions is separate from the others.
- 38.11 The Contracts (Rights of Third Parties) Act 1999 will not apply to the conditions in this booklet.
- 38.12 **You** must tell **us** immediately if **you** change **your** name, postal address, email address or telephone number.
- 38.13 The agreement or agreements between you and us will be written in English.
- 38.14 Communications between **you** and **us** will be in English.

## 39 Governing law

These conditions are part of the legal agreement between **you** and **us**. They are governed by the law of the country in which the **property** is situated.

IN WITNESS WHEREOF these presents typewritten on this and the thirty five preceding pages are sealed with the Common Seal of us the said Halifax plc and subscribed for us and on our behalf by Grenville Turner and Roderick John Garden, two of our authorised signatories, all at Edinburgh on the tenth day of August two thousand and four.



## **NOTE: THIS SCHEDULE ONLY APPLIES IF THE PROPERTY IS IN SCOTLAND**

### **Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended)**

#### **Schedule 3**

##### **The standard conditions**

1. It shall be an obligation on the debtor:
  - (a) to maintain the security subjects in good and sufficient repair to the reasonable satisfaction of the creditor;
  - (b) to permit, after seven clear days notice in writing, the creditor or his agent to enter upon the security subjects at all reasonable times to examine the condition thereof;
  - (c) to make all necessary repairs and make good all defects in pursuance of his obligation under head (a) of this condition within such reasonable period as the creditor may require by notice in writing.
  
2. It shall be an obligation on the debtor:
  - (a) to complete, as soon as may be practicable, any unfinished buildings and works forming part of the security subjects to the reasonable satisfaction of the creditor;
  - (b) not to demolish, alter or add to any buildings or works forming part of the security subjects, except in accordance with the terms of a prior written consent of the creditor and in compliance with any consent, licence or approval required by law;
  - (c) to exhibit to the creditor at his request evidence of that consent, licence or approval.
  
3. It shall be an obligation on the debtor:
  - (a) to observe any condition or perform any obligation in respect of the security subjects lawfully binding on him in relation to the security subjects;
  - (b) to make due and punctual payment of any ground burden, teind, stipend, or standard charge, and any rates, taxes and other public burdens, and any other payments exigible in respect of the security subjects;
  - (c) to comply with any requirement imposed upon him in relation to the security subjects by virtue of any enactment.
  
4. It shall be an obligation on the debtor:
  - (a) where he has received any notice or order, issued or made by virtue of the Town and Country Planning (Scotland) Acts 1947 to 1969 or any amendment thereof, or any proposal so made for the making or issuing of any such notice or order, or any other notice or document affecting or likely to affect the security subjects, to give to the creditor, within fourteen days of the receipt of that notice, order or proposal, full particulars thereof,
  - (b) to take, as soon as practicable, all reasonable or necessary steps to comply with such a notice or order or, as the case may be, duly to object thereto;
  - (c) in the event of the creditor so requiring, to object or to join with the creditor in objecting to any such notice or order or in making representations against any proposal therefor.
  
5. It shall be an obligation on the debtor:
  - (a) to insure the security subjects or, at the option of the creditor, to permit the creditor to insure the security subjects in the names of the creditor and the debtor to the extent of the market value thereof against the risk of fire and other such risks as the creditor may reasonably require;
  - (b) to deposit any policy of insurance effected by the debtor for the aforesaid purpose with the creditor;
  - (c) to pay any premium due in respect of any such policy and, where the creditor so requests, to exhibit a receipt therefor not later than the fourteenth day, after the renewal date of the policy;
  - (d) to intimate to the creditor, within fourteen days of the occurrence, any occurrence which may give rise to a claim under the policy, and to authorise the creditor to negotiate the settlement of the claim;
  - (e) without prejudice to any obligation to the contrary enforceable against him, to comply with any reasonable requirement of the creditor as to the application of any sum received in respect of such a claim;
  - (f) to refrain from any act or omission which would invalidate the policy.



6. It shall be an obligation on the debtor not to let, or agree to let, the security subjects, or any part thereof, without the prior consent in writing of the creditor, and 'to let' in this condition includes to sub-let.
7.
  - (1) The creditor shall be entitled to perform any obligation imposed by the standard conditions on the debtor, which the debtor has failed to perform.
  - (2) Where it is necessary for the performance of any obligation as aforesaid, the creditor may, after giving seven clear days notice in writing to the debtor, enter upon the security subjects at all reasonable times.
  - (3) All expenses and charges (including any interest thereon), reasonably incurred by the creditor in the exercise of a right conferred by this condition, shall be recoverable from the debtor and shall be deemed to be secured by the security subjects under the standard security, and the rate of any such interest shall be the rate in force at the relevant time in respect of advances secured by the security, or, where no such rate is prescribed, shall be the bank rate in force at the relevant time.
8. The creditor shall be entitled, subject to the terms of the security and to any requirement of law, to call-up a standard security in the manner prescribed by section 19 of this Act.
9.
  - (1) The debtor shall be held to be in default in any of the following circumstances, that is to say:
    - (a) where a calling-up notice in respect of the security has been served and has not been complied with;
    - (b) where there has been a failure to comply with any other requirement arising out of the security;
    - (c) where the proprietor of the security subjects has become insolvent.
  - (2) For the purposes of this condition, the proprietor shall be taken to be insolvent if:
    - (a) he has become notour bankrupt, or he has executed a trust deed for behoof of, or has made a composition contract or arrangement with, his creditors.
    - (b) he has died and a judicial factor has been appointed under section 11A of the Judicial Factors (Scotland) Act 1889 to divide his insolvent estate among his creditors, or his estate falls to be administered in accordance with an order under section 421 of the Insolvency Act 1986;
    - (c) where the proprietor is a company, a winding-up order has been made with respect to it, or a resolution for voluntary winding-up (other than a members' voluntary winding-up) has been passed with respect to it, or a receiver or manager of its undertaking has been duly appointed, or possession has been taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property of the company comprised in or subject to the charge.
10.
  - (1) Where the debtor is in default, the creditor may, without prejudice to his exercising any other remedy arising from the contract to which the standard security relates, exercise, in accordance with the provisions of Part 11 of this Act and of any other enactment applying to standard securities, such of the remedies specified in the following sub-paragraphs of this standard condition as he may consider appropriate.
  - (2) He may proceed to sell the security subjects or any part thereof.
  - (3) He may enter into possession of the security subjects and may receive or recover feu duties, ground annuals, or, as the case may be, the rents of those subjects or any part thereof.
  - (4) Where he has entered into possession as aforesaid, he may let the security subjects or any part thereof.
  - (5) Where he has entered into possession as aforesaid there shall be transferred to him all the rights of the debtor in relation to the granting of leases or rights of occupancy over the security subjects and to the management and maintenance of those subjects.
  - (6) He may effect all repairs and may make good such defects as are necessary to maintain the security subjects in good and sufficient repair, and may effect such reconstruction, alteration and improvement on the subjects as would be expected of a prudent proprietor to maintain the market value of the subjects, and for the aforesaid purposes may enter on the subjects at all reasonable times.
  - (7) He may apply to the court for a decree of foreclosure.

- 11 (1) The debtor shall be entitled to exercise his right (if any) to redeem the security on giving notice of his intention so to do, being a notice in writing (hereinafter referred to as a 'notice of redemption').
- (2) Nothing in the provisions of this Act shall preclude a creditor from waiving the necessity for a notice of redemption, or from agreeing to a period of notice of less than that to which he is entitled.
- (3) (a) A notice of redemption may be delivered to the creditor or sent by registered post or recorded delivery to him at his last known address, and an acknowledgement signed by the creditor, or his agent or a certificate of postage by the person giving the notice accompanied by the postal receipt shall be sufficient evidence of such notice having been given.
- (b) If the address of the creditor is not known, or if the packet containing the notice of redemption is returned to the sender with intimation that it could not be delivered, a notice of redemption may be sent to the Extractor of the Court of Session and an acknowledgement of receipt by him shall be sufficient evidence of such notice having been given.
- (c) A notice of redemption sent by post shall be held to have been given on the day next after the day of posting.
- (4) When a notice of redemption states that a specified amount will be repaid, and it is subsequently ascertained that the whole amount due to be repaid is more or less than the amount specified in the notice, the notice shall nevertheless be effective as a notice of repayment of the amount due as subsequently ascertained.
- (5) Where the debtor has exercised a right to redeem, and has made payment of the whole amount due, or has performed the whole obligations of the debtor under the contract to which the security relates, the creditor shall grant a discharge in the terms prescribed in section 17 of this Act.
12. The debtor shall be personally liable to the creditor for the whole expenses of the preparation and execution of the standard security and any variation, restriction and discharge thereof and, where any of those deeds are recorded, the recording thereof, and all expenses reasonably incurred by the creditor in calling-up the security and realising or attempting to realise the security subjects, or any part thereof, and exercising any other powers conferred upon him by the security.

#### Interpretation

In this Schedule, where the debtor is not the proprietor of the security subjects, 'debtor' means 'proprietor', except:

- (a) in standard conditions 9(1), 10(1) and 12, and
- (b) in standard condition 11, where 'debtor' includes the proprietor.



