



FAMILY BUILDING SOCIETY

Principal Office: Ebbisham House, 30 Church Street, Epsom, Surrey, KT17 4NL

COMMERCIAL MORTGAGE CONDITIONS 2017

The paragraphs headed “Introduction” and “Membership Rights” below are included purely for the purposes of clarity and do not form part of or amend the Mortgage Conditions.

INTRODUCTION

This booklet explains how your mortgage works. It defines the terms used in the mortgage documents and sets out in detail the conditions that you accept when you sign your mortgage deed.

If you have any queries about these Conditions, we will be pleased to help you. The paragraphs in this booklet are numbered in order to make it easy for you to refer to individual details if you have questions to ask.

Your solicitor should advise you about these Conditions and the commitment you make when you take out a mortgage.

Unless you are a limited company or other corporate body, when you sign a mortgage deed you automatically become a member of the Society and you will be bound by the Society’s Rules.

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

MEMBERSHIP RIGHTS

This section does not apply if you are a limited company or other corporate body.

If there is more than one of you, the first named applicant in the mortgage application form will be the Society's member with borrowing membership rights. He or she is known as the representative joint borrower. If you wish to change the person who is the representative joint borrower, you can do so by giving notice to us. The change will take effect when the Society's records are amended.

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

Membership will cease if the Society exercises its power of sale or takes possession of the property, and may cease if the Society transfers the mortgage under Condition 13.

FINANCIAL YEAR

The Society's Financial Year is currently the period of 12 months ending on 31 December.

COMMERCIAL MORTGAGE CONDITIONS 2017

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1. EXPLANATION OF TERMS IN THESE CONDITIONS

Throughout this booklet, the terms defined here are in bold print. When you come across words or phrases in bold print when reading these **Conditions** you should look here for the meaning of those terms. They have the same meanings in the **Mortgage Deed**. If there are other terms that you do not understand, please ask your solicitor. These explanations form part of your agreement with us.

- 1.1. **Advance** means any sum of money which we lend to you under the **Mortgage Deed**. It includes further loans made after the date of the original loan that you and we agree are to be secured under the **Mortgage Deed**.
- 1.2. **Assignment** means an agreement under which security over a **Life Policy** is given to us for the term of the **Mortgage**. Instead of an **Assignment**, we may require you to deposit (that is to say, let us have possession of) the policy during the term of the **Mortgage** (see **Condition 10**). The **Facility Letter** will state if we require an **Assignment** or deposit for your **Mortgage**.
- 1.3. **Borrower** means the person or persons shown as **Borrower** in the **Mortgage Deed** and includes successors in title. If two or more persons are the **Borrower** then their obligations under these **Conditions** are joint and several, and each one of them is liable for the whole of the **Total Debt**.
- 1.4. **Business** means the trade or business carried on by you at the **Property**.
- 1.5. **Capital Repayment** means an amount of at least the figure specified in the **Facility Letter** (under 'Minimum Capital Repayment') (or such other amount as we may specify in the future) paid to us, in addition to your **Monthly Payment** and any other amounts then due and payable.
- 1.6. **Completion Date** means the date on which we release funds for the **Advance**, that is to say, the day we post a cheque, or make an electronic transfer of money, to you or your solicitor or any other person on your behalf.
- 1.7. **Condition** means a Condition set out in this booklet.

- 1.8. **Covenant** means a promise by **you** to **us** to do certain things under the **Mortgage**.
- 1.9. **Dangerous Substance** means any radioactive emissions and any natural or artificial substance (whether solid, liquid, gas or vapour) capable of causing harm to man or the environment.
- 1.10. **Endowment Policy** means a life assurance policy that is intended to pay a sum assured on a pre-determined maturity date or death of the **Policy Owner** if earlier. The policy term must not exceed the **Mortgage Term**. It is your responsibility to ensure that the maturity value of any **Endowment Policy** is adequate to repay your **Mortgage**. Annual checks with the insurance company should be made by **you** to ensure that the **Endowment Policy** is on target to pay your **Mortgage** at the end of the **Mortgage Term**.
- 1.11. **Environmental Law** means any law, regulation, code of practice or guidance relating to the protection of human health or the environment.
- 1.12. **Environmental Licence** means any permit, licence, authorisation, consent or approval required by **Environmental Law**.
- 1.13. **Facility Letter** means our written offer of loan to **you**. Your **Facility Letter** may consist of more than one document.
- 1.14. **Financial Year** is the financial year for the Society as set out in our Rules. **We** may change the **Financial Year**.
- 1.15. **Floating Charge Property** means (if applicable) those of your assets that are subject to the floating charge under the **Mortgage**.
- 1.16. **Further Advance** means any sum of money lent by **us** after the original loan that **you** and **we** agree is to be secured under the **Mortgage Deed**. Any **Further Advance** is subject to these **Conditions** and any variation made at that time.
- 1.17. **Goodwill** means the goodwill in relation to the **Business**.

- 1.18. **Guarantor** means any person who has agreed to guarantee your responsibilities under the **Mortgage**. If the **Guarantor** is more than one person, then their obligations are joint and several. The **Guarantor** will also include the personal representatives of the **Guarantor** if he or she should die. A **Guarantor** may or may not provide additional security. **You** consent to our providing details of your **Mortgage** to any **Guarantor**.
- 1.19. **Insurance** means buildings or buildings and contents insurance where the Society is arranging your **Property** insurance. Where the **Insurance** is arranged from the commencement of the **Mortgage** (or earlier, if requested), the **Property** will be insured for the amount shown in the **Facility Letter** under "Insurance Cover". Unless **we** tell **you** otherwise, premiums will be debited to the **Mortgage** account. The portion of the annual **Insurance** premium not paid by **you** during the first **Financial Year** of your **Mortgage** will be added to the **Total Debt** at the start of the following **Financial Year**.
- 1.20. **Intellectual Property** means all of your interest in any present and future patents, trade marks, brand and trade names, registered designs, copyrights, know-how and all other rights relating to intellectual property, and includes all ancillary benefits relating to it.
- 1.21. **Interest** means interest at the rate that applies to your **Mortgage**. The rate of **Interest** may vary from time to time in accordance with **Condition 5**.
- 1.22. **Interest Period** means a **Financial Year** or any shorter period shown as the Interest Period in your **Facility Letter**. **We** may decide to reduce the **Interest Period**, if it is more than a day (so that, for example, **we** may change a **Mortgage** from yearly to daily **Interest**) If **we** do this **we** will give **you** at least 30 days advance notice of the change.
- 1.23. **Licences** means all licences and permissions needed to carry on the **Business**.
- 1.24. **Licensed Premises** means any part of the **Property** used for the **Business** that needs a **Licence**.

- 1.25. **Life Policy** means an **Endowment Policy** or other life assurance policy.
- 1.26. **Month** means a calendar month.
- 1.27. **Monthly Payment** is the amount which **you** must pay each **Month** on the **Payment Day**. If **we** have arranged your buildings or buildings and contents insurance your **Monthly Payment** will include any **Insurance** premiums, unless **we** tell **you** otherwise. Your **Monthly Payment** will be shown on your **Facility Letter** under “Monthly Payment”. **We** may change the amount of your **Monthly Payment** in accordance with **Condition 6**.
- 1.28. **Mortgage** means the entire legal agreement under which **we** lend **you** money and includes the **Mortgage Deed**, these **Conditions** and your **Facility Letter**, and any other document by which **you** give **us** security for an **Advance**. By signing the **Mortgage Deed** you promise **us** that **you** will comply with everything contained in your **Mortgage Deed**, **Facility Letter** and these **Conditions**. Each of the provisions of the **Mortgage** is separate and distinct from the others. If one provision is not valid or enforceable, the others are not affected.

If there is any inconsistency between these **Conditions** and the **Facility Letter**, the **Facility Letter** will prevail.

Our rights under the **Mortgage** continue until **you** have repaid all the money **you** owe **us**, including all **Interest** and any other charges. The **Mortgage** is a continuing security, and is not affected by the death, bankruptcy, liquidation or incapacity of **you** or any **Guarantor**. It is in addition to any other rights or security that **we** hold or may hold in the future.

- 1.29. **Mortgage Deed** means the legal document **you** sign to give **us** security over the **Property**. These **Conditions** have the same meaning in the **Mortgage Deed**.
- 1.30. **Mortgage Term** is the period of time during which **you** agree to repay the loan to **us** and is shown on your **Facility Letter** under “Mortgage Term”. This may be varied by agreement with **us**. The **Total Debt** must be paid by **you** before or at the end of the **Mortgage Term**. If **you** are an individual and have selected a term

that extends beyond your anticipated date of retirement then **you** must ensure that **you** have adequate means to repay your **Mortgage** during retirement.

1.31. **Other Rights** means:

- (1) Any rights to which **you** may become entitled in respect of the **Property** for whatever reason. They may include:
 - (a) compensation or other money received or receivable in respect of damage caused to the **Property** or because it (or any part of it) has reduced in value, or been compulsorily purchased;
 - (b) any agreement, option, right of pre-emption, guarantee or indemnity relating to the **Property** or its construction, state or condition;
 - (c) any share in or rights of membership in a management company, tenants' or residents' association relating to the **Property**;
 - (d) the benefit of any right to obtain the improvement of, or any payment in connection with, any roads, sewers, drains and other services or amenities relating to the **Property**; and
 - (e) any policy providing insurance against any of the following risks, namely a defect in **Title** to the **Property**, an adverse right being enforced against the **Property** or revealed in a local authority search and an earlier dealing with the **Property** being set aside or varied by the Court; and
- (2) any other benefits which **you** may have or receive in respect of the **Property**, but not including money or grants payable to **you** in respect of maintenance or improvement of the **Property** or any money from an insurance policy which as between **you** and **us** is dealt with in **Conditions 9** and 10.

1.32. **Payment Day** means the day specified as such in the **Facility Letter**.

- 1.33. **Planning and Housing Acts** means Acts of Parliament or Statutory Instruments in force from time to time relating to town and country planning, building control and housing matters.
- 1.34. **Policy Owner** means **you** if **you** are the owner of any **Life Policy** that is to be **Assigned** to, or deposited with, **us** in connection with the **Mortgage**. It can also mean any other person owning a **Life Policy** that is to be used in connection with the **Mortgage**. The **Policy Owner** also means anyone who takes over a **Life Policy** and who is not the original **Policy Owner**.
- 1.35. **Power of Sale** means our right to sell the **Security Assets**. This may arise whether or not **we** are in possession of the **Property**.
- 1.36. **Property** means the **Property** (including any part of it) described in the **Mortgage Deed**. It includes all fixtures and buildings of any kind (including fixtures and buildings added after the **Completion Date**).
- 1.37. **Receiver** means a receiver of the **Property** or (if the **Mortgage** contains a floating charge), an administrator, administrative receiver or receiver and manager of the **Security Assets**, or any of them (and for this purpose, paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge). The **Receiver** may be an officer of the Society. The appointment of a **Receiver** does not mean that the **Property** has been **Taken into Possession** unless **you** are specifically notified by the **Receiver** or **us** that the **Property** has been **Taken into Possession**. A **Receiver** is an agent of yours. Therefore **you** are solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of the **Receiver** and for liabilities incurred by the **Receiver**. If **you** are a corporate body, the agency of the **Receiver** shall continue until **you** go into liquidation and after that the **Receiver** shall act as principal and shall not become your agent. Joint **Receivers** may be appointed, who may act and exercise all their powers separately as well as jointly.
- 1.38. **Security Assets** means all the assets charged under the **Mortgage Deed**.

- 1.39. **Taken into Possession** means that the Society has taken possession of some or all of the **Security Assets**. Your rights, which might include receiving income produced by the **Property** such as rent paid by tenants, are also taken over. **We** can also appoint a **Receiver** to take over these rights.
- 1.40. **Title** means the ownership of the **Property**.
- 1.41. The **Total Debt** is all the money **you** owe **us** under the **Mortgage**. It includes the following:
- (a) the **Advance** and any **Further Advances** (less repayments made);
 - (b) **Interest** on all **Advances**;
 - (c) **Interest** on any arrears of payments, in accordance with these **Conditions**;
 - (d) any money owing to **us** as a result of your repaying the **Advance** or part of the **Advance** early. Details of any **Interest**, costs and other charges payable will be set out in the **Facility Letter**;
 - (e) any other early settlement charges or interest due;
 - (f) all costs and expenses notified to **you** in respect of the arrangement of any **Advance** whether or not it is actually made;
 - (g) all insurance premiums which **we** have paid on your behalf (whether or not **we** arranged the insurance);
 - (h) any costs or expenses **we** incur in contemplating, taking or defending any court actions in order to protect our security or any **Advance**;
 - (i) any other money, costs, expenses, fees or additional interest that may become due and owing by **you** to **us** under these **Conditions**, the **Facility Letter** or the Rules or by law whenever they fall due.

- 1.42. **We** and **us** means the Family Building Society, a trading name of National Counties Building Society, and anyone who takes over the **Mortgage** from **us** (and “our” should be read accordingly).
- 1.43. **You** means the **Borrower** and anyone who takes over your responsibilities for the payment of the **Mortgage** (and “your” should be read accordingly). If there is more than one **Borrower** then all these **Conditions** apply equally and separately to each of **you**. That means each of **you** is responsible on your own for the whole of the **Total Debt**.
- 1.44. In these **Conditions** (unless the context indicates otherwise): (i) the singular includes the plural and the other way around; (ii) a reference to one gender includes the other genders; and (iii) headings are for convenience only and are not to be taken into account in interpreting the **Conditions**.

2. BORROWER'S COVENANTS

2.1. **You Covenant to us:**

- 2.1.1. to make **Monthly Payments** beginning with a payment on the first **Payment Day** and continuing until your **Total Debt** has been fully repaid, and to repay the **Total Debt** on or before the end of the **Mortgage Term**;
- 2.1.2. to pay the insurance premiums if **you** are responsible for insuring the **Property**. The **Facility Letter** will state if **we** are to insure the **Property** for **you**. It is your responsibility to ensure that the **Property** is insured at all times (see also **Condition 9**);
- 2.1.3. to do whatever is required by the **Mortgage** (including, without limitation, the **Facility Letter**) for as long as any of the **Total Debt** is unpaid;
- 2.1.4. to do whatever is required by the deeds and documents affecting the **Property** and to comply with all regulations of the local or other authority including planning conditions which affect the **Property**;

- 2.1.5. to complete (properly and without delay) any building work that is being carried out on the **Property** at the time your **Mortgage Deed** is signed or at a later date;
- 2.1.6. to allow **us** to visit and inspect the **Property** at any reasonable time to ensure **you** have complied with these **Conditions** or to obtain an assessment of the **Property**. Except in an emergency, **we** will give **you** reasonable notice of any inspection **we** propose to make;
- 2.1.7. to keep the **Property** in good repair and to allow **us** or a **Receiver** to inspect the **Property** upon reasonable prior notice. If it is not in good repair **we** may require **you** to ensure that it is. **We** may require **you** also to complete any building works. **We** may also carry out works on the **Property** to ensure the **Property** is in good repair if **you** do not do so. **You** agree to pay **us** any costs and expenses **we** incur in this respect (see **Condition 16**);
- 2.1.8. unless **you** obtain our written consent in advance, not to allow anyone to share occupation of the **Property** or grant any tenancy agreement or lease of it. If **you** do so, **we** are not bound by such an agreement. Any consent that **we** may give may be subject to a fee or other charge, and will be consent for specified persons only and for a set period. It will not be consent for future occupiers or for any extended periods. **We** will not withhold our consent to the grant by **you** of any tenancy agreement or lease which is ordered to be granted by **you** by any court under the provisions of the Landlord and Tenant Act 1954;
- 2.1.9. to comply fully with **Planning and Housing Acts** or any other legislation in relation to your **Property**. Your local authority may issue notices that relate to the **Property**. If that happens, **you** must send **us** a copy of the notice and keep **us** informed about your progress in complying with it. If **you** fail to comply **we** may carry out any necessary work. **You** agree to pay **us** any costs and expenses **we** incur in this respect (see **Condition 16**);
- 2.1.10. to obtain our written consent before making any alterations or additions to the **Property** or before changing its use. These works may require planning permission

and / or building regulation consent, and **you** must ensure **you** comply with any **Planning and Housing Acts** requirements;

- 2.1.11. to ensure that all taxes, service charges, rates and rents are paid promptly in respect of the **Property**. **We** may pay any of these if they are not paid by **you**, to ensure that your and our rights in the **Property** are protected. **You** agree to pay **us** any costs and expenses **we** incur in this respect (see **Condition 16**);
- 2.1.12. not to apply for a grant or any other loan on the **Property** without first writing to **us**. If it is a grant from a local authority **you** will have to ask for our consent. The reason for this is that the grant may have to be paid back in certain circumstances in priority to the **Mortgage**;
- 2.1.13. if the **Property** is leasehold, not to ask your landlord for an extension of the lease, or agree any alteration to it, without our consent. **You** must send **us** a copy of any notice **you** give or send to, or receive from, your landlord. If **we** give our consent **you** must comply with any conditions **we** impose;
- 2.1.14. to comply with the terms and conditions of all **Environmental Licences** and with all applicable **Environmental Law**, and to ensure that no **Dangerous Substances** are used, handled, or emitted on or from the **Property**;
- 2.1.15. immediately on demand, to pay all the costs and expenses (including legal fees), incurred by **us** or any **Receiver** in connection with or arising from an actual or alleged breach by any person of any **Environmental Licence** or **Environmental Law**;
- 2.1.16. where the **Property** is leasehold, or is subject to a lease or tenancy, to comply (and to ensure that any lessee or tenant complies) with all the relevant requirements of the lease or tenancy agreement, and not to release or vary any obligation of any other party without our consent;
- 2.1.17. where the **Property** is let, to implement all rent reviews due, but not to conclude them without our consent;

- 2.1.18. to maintain (or if **we** so require, to seek) registration for Value Added Tax purposes, and not to make any election to waive exemption from Value Added Tax (under paragraph 2 (1) of Schedule 10 of the Value Added Tax Act 1994 or otherwise) in respect of the **Property** or of other land forming part of the **Security Assets** without our prior written consent; but to make such election if **we** require **you** to do so, and to take all steps to recover input tax in a timely manner;
- 2.1.19. to send **us**, within seven days of receipt, a copy of any notice, order or proposal relating to the **Property** or the **Business**, and to join with **us** in making any objections or representations as **we** may reasonably require;
- 2.1.20. not to allow anything to be done to the **Security Assets** which might increase your insurance premiums unless **you** obtain our written consent in advance;
- 2.1.21. not to damage the **Security Assets**, or remove any fixtures, fittings or fixed plant or machinery from the **Property** (unless they are promptly replaced with others of at least the same value), or do anything to lessen the value of the **Security Assets** in any way;
- 2.1.22. not without our consent to sell or transfer, or create any mortgage or charge (other than this **Mortgage**) over, the **Security Assets** or any part of them. However, **you** may sell any of the **Floating Charge Property** at any time prior to crystallisation under Condition 3.4, providing this is done at arm's length and in the ordinary course of business;
- 2.1.23. to carry on the **Business** in a proper and efficient manner;
- 2.1.24. (if **you** are a body corporate) not to redeem or purchase any of your shares or pay an abnormal amount by way of dividend;
- 2.1.25. to maintain proper accounting records relating to the **Business**;
- 2.1.26. if **we** so request (and each time **we** do so), to provide **us** with such financial information (which may include audited accounts) concerning **you** and the **Business** as **we** may require;

- 2.1.27. to notify **us** of any changes in your structure or control, if **you** are a body corporate or a partnership;
- 2.1.28. to obtain, renew and maintain any **Licences** necessary for the **Business**, and to comply with the requirements of any such **Licence**;
- 2.1.29. to execute any further deeds or documents **we** may require to give **us** full security over the **Security Assets**. **You** irrevocably (and by way of security) appoint **us** and (as a separate appointment) any **Receiver** **we** appoint to be your attorney and in your name and on your behalf to sign, execute and complete any documents, and do anything needed to perfect our security over the **Security Assets** or to allow **us** to exercise our rights and powers under the **Mortgage**. **You** agree to ratify and confirm anything **we** properly do under this power of attorney;
- 2.1.30. to deposit with **us**, during the term of the **Mortgage**, the **Title** deeds to the **Property** and any other deeds and documents relating to the **Security Assets** that **we** may require;
- 2.1.31. to ensure that if the **Security Assets** are sold by the Society and the sale proceeds after payment of any costs and expenses are less than the **Total Debt** **you** immediately pay the shortfall to the Society with **Interest**; and
- 2.1.32. to pay back the **Total Debt** if **we** give **you** at least three **Months**' prior notice in writing. In these circumstances **we** would not charge any additional **Interest** or other charges which are mentioned in **Condition 7.3**.
- 2.2. If **you** fail to perform any of your obligations under these **Conditions**, **we** may (but **we** are not obliged to) perform them instead of **you** and pay any money which is necessary to perform them. **You** agree to pay **us** any costs and expenses **we** incur in this respect (see **Condition 16**).
- 2.3. **You** **Covenant** and warrant to **us** that: **you** are able to enter into the **Mortgage**; that all necessary consents and authorisations for the entry by **you** into the **Mortgage** have been obtained and will be maintained; and that all information given by **you** in connection with the **Mortgage** is correct and not misleading.

3. POWERS OF THE SOCIETY

This section sets out the legal powers **you** give **us** when **you** sign your **Mortgage Deed** and highlights some of the consequences if **you** fail to observe the **Conditions** of your **Mortgage**.

- 3.1. If **you** break or do not fulfil any of your legal obligations under your **Mortgage**, **we** are entitled (but are not obliged) to do whatever may be necessary to fulfil those obligations on your behalf in order to protect the value of the **Security Assets**. This may mean that **we** need to enter the **Property**. If **we** do so, that does not necessarily mean that **we** have **Taken into Possession** the **Property**. Except in an emergency, **we** will give **you** reasonable notice if **we** intend to enter the **Property**.
- 3.2. For the purposes of the Law of Property Act 1925, the **Total Debt** is due and payable immediately.
- 3.3. **We** will be able to exercise our **Power of Sale** or appoint a **Receiver** or exercise any of the other powers conferred on mortgagees by the Law of Property Act 1925 without giving **you** any notice if any one of the following happens (and for this purpose therefore the restrictions in Section 103 of the Law of Property Act 1925 will not apply):
 - 3.3.1. if **you** do not pay any **Monthly Payment** at the time it is due and payable;
 - 3.3.2. if a bankruptcy order is made against **you** or any **Guarantor** (if there is one) or **you** or any **Guarantor** enters into any arrangement, compromise, composition or assignment with or for the benefit of the creditors of **you** or your **Guarantor**;
 - 3.3.3. (whether or not **you** keep up your **Monthly Payments**) if **you** fail to observe any of your other obligations under the **Mortgage**;
 - 3.3.4. if the **Property** becomes subject to a compulsory purchase order or if it is acquired or requisitioned by any authority legally entitled to do so;
 - 3.3.5. if **you** hand over possession of the **Property** to **us** or if **you** abandon it;
 - 3.3.6. if any part of the **Property** is demolished without our consent;

- 3.3.7. if any payment which is due under the insurance is not paid or if the **Property** is not insured by **you** as promised;
- 3.3.8. if a payment which is due under any **Life Policy** which has been **Assigned** or deposited with **us** is not paid;
- 3.3.9. at the end of the notice given under **Condition 2.1.32**;
- 3.3.10. if **we** become aware of any material inaccuracy in the information provided to **us** in connection with your application for the **Mortgage**;
- 3.3.11. if **you** are a corporate body; and
- (a) a distress or execution is levied against any of your property or assets and not satisfied within seven days;
 - (b) **you** give advance notice of a proposed winding-up resolution, or an order is made or effective resolution is passed for **you** to be wound-up;
 - (c) **you** cease to carry on business;
 - (d) any holder of a charge takes possession of any of your property;
 - (e) a receiver or administrative receiver is appointed of any part of your property or assets, or application to the court is made for the appointment of an administrator or any steps are taken with a view to **you** entering administration;
 - (f) **you** are unable to pay your debts, within the meaning of section 123 of the Insolvency Act 1986; or
 - (g) **you** enter into a voluntary arrangement with your creditors;
- 3.3.12. if any **Guarantor** is a corporate body and any of the events mentioned in **Condition 3.3.11** occurs in relation to that **Guarantor**;
- 3.3.13. if **you** are a partner in a partnership which is dissolved;

- 3.3.14. if **you** cease (or threaten to cease), without our written consent, to carry on the **Business** or a material part of it, or if any **Licence** is revoked or not renewed;
- 3.3.15. if **we** consider that any part of the security for the **Mortgage** (including, without limitation, any guarantee) is or may not be enforceable or valid or is or may be in jeopardy;
- 3.3.16. if **you** are a corporate body and control (as defined in section 450 of the Corporation Tax Act 2010) of **you** changes without our prior written consent;
- 3.3.17. if any other money that **you** owe is not paid when due, or if any final judgment or order is made against **you** and is not complied with within seven days of the date of the judgment or order.
- 3.4. Without affecting any other rights, **we** may at any time give **you** written notice to convert any floating charge created by the **Mortgage** into a specific fixed charge over all or such of the **Security Assets** as may be specified in the notice. Any floating charge will automatically and immediately (without notice) be converted into a fixed charge over the assets subject to that floating charge if: (i) **you** create, or attempt to create, without our prior written consent, a security interest over any of the **Security Assets** (except as expressly permitted by the terms of the **Mortgage**); or (ii) **you** dispose, or attempt to dispose, of any of the **Security Assets** (other than **Security Assets** that are only subject to the floating charge while it remains uncrystallised); or (iii) any person levies any distress, attachment, execution or other process against any of the **Security Assets**; (iv) a resolution is passed or an order is made for your winding up, dissolution or administration. Any asset acquired by **you** after any crystallisation of the floating charge that, but for that crystallisation, would be subject to a floating charge under the **Mortgage**, will (unless **we** notify **you** in writing to the contrary) be charged to **us** by way of first fixed charge.
- 3.5. At any time or times after our **Power of Sale** has become exercisable **we** (or a **Receiver** appointed by **us**) may do any of the following as **we** (or the **Receiver**) think fit (without the **Security Assets** necessarily being **Taken into Possession**):

- 3.5.1. exercise all the powers which are given to **us** and the **Receiver** by the Law of Property Act 1925 (except that the restrictions which are imposed by Section 103 of that Act will not apply) and all the powers conferred on administrative receivers or administrators by the Insolvency Act 1986 (whether or not the **Receiver** is an administrative receiver or administrator);
- 3.5.2. take possession of, collect, get in and give receipts for all or any of the **Security Assets** and all rents and income arising from them;
- 3.5.3. carry on or manage the **Business**;
- 3.5.4. raise or borrow any money, from the Society or anyone else, and with or without security (and the security may be or include a charge on all or any of the **Security Assets**);
- 3.5.5. without the restrictions imposed by section 103 of the Law of Property Act 1925 (and without the need to observe any of the provisions of sections 99 and 100 of that Act), sell by public auction or private contract, let, surrender or accept surrenders, grant licences or otherwise dispose of or deal with all or any of the **Security Assets**. The **Security Assets** may be dealt with together or separately, and sale may be on the basis that the price is payable by instalments;
- 3.5.6. take any proceedings in relation to the **Security Assets** in the name of **you** or any **Guarantor** or otherwise, including proceedings for the collection of any rent in arrears;
- 3.5.7. enter into any agreement or make any compromise or arrangement in relation to the **Security Assets**;
- 3.5.8. operate any rent review clause in relation to the **Property**, or grant or apply for any new or extended tenancy of the **Property**;
- 3.5.9. insure the **Security Assets**;
- 3.5.10. require any tenants or workmen or others who may be in the possession of the **Property** to leave it unless they are there with our consent;

- 3.5.11. arrange and carry out all repairs, works, alterations, demolition, change of use under **Housing and Planning Acts**, additions, road schemes and developments to the **Property** and generally to manage the **Property** as **we** think or the **Receiver** thinks fit;
- 3.5.12. employ and also pay persons for carrying out any of these powers at a price or fee and upon any terms as **we** think or any **Receiver** thinks fit;
- 3.5.13. put any money which **we** receive in exercising any of these powers towards any future **Monthly Payments** that become due or towards other money that may be due or become due from **you** under these **Conditions**;
- 3.5.14. at the time that **we** have **Taken into Possession** the **Property**, or afterwards, remove, store, sell or deal with any furniture or goods that **you** may have in the **Property** and that **you** have failed or have refused to remove. In exercising this additional power **we** will be acting as your agent. **We** will not be liable for any loss or damage that may occur and **you** will be responsible for our costs and expenses (see **Condition 16**). In carrying out this power **we** will not have any right to keep any of these items as security under the **Mortgage**, unless they have been charged to **us** under the **Mortgage Deed**;
- 3.5.15. after **we** have **Taken into Possession** the **Property** or appointed a **Receiver** of it or any part of it, give up possession or remove a **Receiver** if **we** give notice to **you**;
- 3.5.16. retain all sums allowed to **us** by way of commission or otherwise. They will belong absolutely to **us** and **we** will not be required to disclose or give **you** the commission;
- 3.5.17. redeem any prior mortgage or charge affecting the **Security Assets** and settle the accounts of the holder of such mortgage or charge, so that any accounts so settled shall (in the absence of manifest error) be conclusive and binding on **you** and the money paid shall be deemed to be an expense properly incurred by the **Receiver** (or **us**, as the case may be);

3.5.18. do all such other things as **we** or the **Receiver** consider to be incidental or helpful to the realisation or protection of our security.

3.6. As the owner of the **Property**, **you** may belong to a management company or a residents' association. If **we** have no mortgage over those membership rights when **we** exercise our **Power of Sale** of the **Property**, **you** give **us**, by way of security, an irrevocable power of attorney to transfer your membership rights to the purchaser and to keep any payment made for the transfer towards payment of the **Total Debt**.

3.7. The money that **we** hold or a **Receiver** holds after **we** have or a **Receiver** has exercised any of the powers contained in these **Conditions** will be used as follows:

3.7.1. first, in payment of the remuneration of any **Receiver** and of all costs and expenses which have been incurred by **us** or any **Receiver** in exercising any of our rights under the **Mortgage** including the sale of the **Property** or any previous attempts to sell it;

3.7.2. second, towards repaying the **Total Debt** (in the order set out in **Condition 4.6**);

3.7.3. third, if any money remains after the **Total Debt** has been paid **we** will pay that surplus money to **you** or if **you** are not entitled to it to the persons who reasonably appear to **us** to be entitled to it (after making reasonable enquiries).

Section 109 of the Law of Property Act 1925 will apply as if the words "not exceeding five per centum on the gross amount of all monies received" were omitted from its subsection (6) and as if subsection (8)(iv) read "in payment of the money whether for interest or otherwise in arrear or accruing due under the mortgage". (This means a **Receiver's** remuneration is not limited and alters the method by which a **Receiver** can apply money received.)

3.8. Our powers contained in the **Mortgage** are in addition to and are not instead of any other powers and remedies that **we** have by law. **We** will not be stopped from exercising any power given to **us** by law if **we** have already exercised any other powers given in the **Mortgage**.

- 3.9. All costs and expenses that **we** pay or incur (or a **Receiver** that **we** appoint pays or incurs) in connection with any rights or powers given to **us** under the **Mortgage** in relation to the **Property** must be repaid by **you** to **us**, (See **Condition 16.**)
- 3.10. No person dealing in good faith with **us** or a **Receiver** need enquire whether the **Receiver** has been properly appointed, or as to the correctness of any exercise of our or his powers, or as to the use of any proceeds.
- 3.11. Neither **we** nor any **Receiver** will be liable to account:
- 3.11.1. as mortgagee in possession in respect of any of the **Security Assets**; or
- 3.11.2. for any money or assets not actually received by **us** or the **Receiver**.
- 3.12. No payment, settlement, discharge or release will be effective, as between **you** and **us**, if it is invalid, avoided or otherwise ineffective under the provisions of any applicable insolvency legislation.
- 3.13. If **we** receive notice of any subsequent charge affecting any of the **Security Assets**, then, from the time **we** receive the notice, all payments made by **you** to **us** will be credited or treated as having been credited to a new account with **us** and will not operate to reduce the amount due from **you** to **us**. This will be the case whether or not **we** do in fact open a new account for **you**.

4. INTEREST

- 4.1. **We** will charge and **you** will pay **Interest**:
- 4.1.1. for the whole of each **Interest Period** on the **Total Debt** at the end of the previous **Interest Period**;
- 4.1.2. on any **Advance** **we** lend **you** during the **Interest Period** from the **Completion Date** of the **Advance** until the end of the **Interest Period**; and
- 4.1.3. on any costs and expenses or fees which become due from **you** during the **Interest Period**, in accordance with these **Conditions**.

- 4.2. If unpaid **Interest** is capitalised other than at the end of the **Interest Period**, this will be specified in your **Facility Letter**.
- 4.3. **You** should note that, if your **Interest Period** is a day (i.e. **Interest** is charged on a daily basis), then **you** will pay more **Interest** if **you** choose to make your **Monthly Payment** on a day later than the **Payment Day**.
- 4.4. **Interest** for the Period from the **Completion Date** of any **Advance** to the last day of that **Month** should be paid separately to **us**. **We** will advise **you** of this amount following the release of the **Advance**. This **Interest** will be added to the **Total Debt** if it is not paid by the end of the **Interest Period**.
- 4.5. In calculating **Interest**, percentages will not be taken beyond three decimal places.
- 4.6. **We** will use any payments **you** make to **us** under the **Mortgage** in any **Interest Period** in the following way. First, **we** will use them to pay off any arrears and outstanding costs, expenses or fees, in such order as **we** may decide. Then **we** will use any balance to pay off any **Interest** **you** owe. Any remaining balance will be used to reduce the **Total Debt** at the end of the **Interest Period**.

5. VARIATION OF INTEREST

- 5.1. Subject to any term of the **Facility Letter**, the **Interest** rate can be changed by **us** from time to time. The ways in which **we** can change the **Interest** rate are set out in the following **Conditions**.
- 5.2. The **Interest** rate can be changed by giving notice. Notice of a change of **Interest** rate can be given in one of two ways as follows:
 - 5.2.1. by our putting a notice in our Principal Office and all our branches and advertising in two newspapers. **You** can find out which are the relevant newspapers by contacting any branch or our Principal Office. The change will not take place earlier than the date on which the notice of the change is first exhibited at our Principal Office. If **we** do not write to **you** individually **we** will tell **you** the **Interest** rate **you** pay annually in your **Mortgage** statement. If **we** omit accidentally to exhibit any notice or place any advertisement or give individual notification this will

not affect the change in the **Interest** rate being made. If an advertisement cannot appear due to any strike or other circumstances beyond our control this will not affect the change in **Interest** rate being applied to your **Mortgage**;

- 5.2.2. alternatively **we** will write to **you** informing **you** of your new **Interest** rate and the date when the **Interest** rate will change.
- 5.3. The **Interest** rate can be reduced without notice, but **we** shall inform **you** at the earliest opportunity.

6. THE MONTHLY PAYMENT

- 6.1. **You** agree to pay **us** the **Monthly Payment** on each **Payment Day** until such time as **you** have paid the **Total Debt**.
- 6.2. The amount of the **Monthly Payment** has been calculated by **us** based on the amount of the **Total Debt**, the **Interest** rate, any **Insurance** premium **you** may have to pay **us** and the **Mortgage Term** shown in the **Facility Letter**.
- 6.3. The **Monthly Payment** may be changed by **us** from time to time by giving **you** notice in writing:
 - 6.3.1. when there is a change in the **Interest** rate or any **Insurance** premium or the **Mortgage Term**;
 - 6.3.2. if any **Life Policy** lapses, falls into arrears of premiums or is surrendered or **you** notify **us** that your chosen repayment vehicle is not adequate;
 - 6.3.3. when **you** have received a **Further Advance**;
 - 6.3.4. if **you** have made a **Capital Repayment** provided that there are no **Interest**, costs, expenses or fees owing to **us**. If there are, the money will be used to pay them off first;
 - 6.3.5. when **we** consent in writing to suspend your **Monthly Payment** for any period or agree to accept a reduced **Monthly Payment**;

- 6.3.6. where **we** wish to recover costs or expenses payable by **you** under these **Conditions**;
- 6.3.7. if **we** need to ensure that the **Total Debt** is repaid by the end of the **Mortgage Term**; and / or
- 6.3.8. by agreement with **you**.
- 6.4. The **Monthly Payment** may be rounded up to the next pound.
- 6.5. If there is any change in:
 - 6.5.1. any law or regulation which results in our becoming subject to any additional tax, duty, deduction or withholding in respect of the **Mortgage** (except for any tax on our net profits and gains); or
 - 6.5.2. any existing requirements of any regulatory body (including, without limitation, any requirements relating to the allocations of capital resources)

and the effect of the change is to increase the cost to **us** of making available any **Advance**, or to reduce the amount of any payment received or due to **us**, or to reduce the effective return to **us**, in relation to the **Mortgage**, then **you** will pay to **us** on demand such sum as **we** certify as being necessary to compensate **us** for the increased cost or reduction.

7. ENDING THE MORTGAGE EARLY

- 7.1. If **you** wish, **you** may repay all or part of your **Advance** before the date on which **we** originally agreed that the **Mortgage** would end. If **you** wish to repay all of your **Advance** before that date **you** will need to pay the **Total Debt**.
- 7.2. **You** will also be required to pay to **us** **Interest** calculated up to the day of receipt by **us** of any funds, or as otherwise specified in the **Facility Letter**. **We** will not release the whole or part of your **Mortgage** until all money has been received by **us** to clear your **Total Debt**.

7.3. There may be additional **Interest** or other early repayment charges to pay. **You** will find the early repayment terms in your **Facility Letter**. It is important that **you** check your **Facility Letter** before redeeming the whole or repaying part of your **Mortgage** early. **We** will not release your **Mortgage** in whole or in part until all money has been received by **us** to clear your **Total Debt**.

8. RELEASE OF MORTGAGE IN ERROR

8.1. If **we** release your **Mortgage** in error (because, for example, **we** miscalculate the amount of the **Total Debt**) **we** may claim from **you** any amount still owing, unless **we** are precluded from doing so by law.

9. INSURANCE COVER

9.1. The **Property** must be fully and adequately insured. **You** are responsible for paying the premiums. **You** are also responsible for ensuring that there is adequate insurance cover on your **Property** at all times.

9.2. If **we** do not insure the **Property** on your behalf **you** must, on request, show **us** such documentation relating to the insurance policies as **we** may reasonably require. **We** must approve in writing the choice of insurer, but **we** will not unreasonably refuse approval.

9.3. If **we** decide that the **Property** is inadequately insured, **we** may take out **Insurance** on your behalf. **We** are under no obligation to **you** however to ensure that the **Property** is adequately insured.

9.4. If **we** insure the **Property** **you** will have to pay the premiums. If **you** fail to do so, the cost of the premiums will be added to your **Total Debt** together with any costs and expenses **we** incur in administering the insurance.

9.5. If **we** arrange any **Insurance** policy on **your** behalf **we** may retain any sums **we** receive, whether as commission or otherwise, from the **Insurance** company and **we** shall not be required to account to **you** unless required by law to do so.

- 9.6. If a claim is made under any **Insurance** policy **we** may negotiate all the details and settle claims with the insurers.
- 9.7. Money paid as a result of any buildings insurance claim must be used either towards payment of your **Total Debt** or to repair or rebuild the **Property** as **we** specify. If payment is made directly to **you**, this money is held by **you** in trust for **us** (i.e. on our behalf) and **we** will specify how the money is to be used.
- 9.8. **You** are responsible for telling your insurers about any changes in circumstances which may affect your insurance cover.
- 9.9. If **you** wish to make your own insurance arrangements **you** may do so on the following conditions:
- 9.9.1. **you** must pay to **us** any administration fee if requested in accordance with **Condition 16.2**;
- 9.9.2. **you** must pay all the premiums and other insurance charges;
- 9.9.3. should **we** ask **you** to do so, **you** must give **us** receipts to show that the premiums are being paid;
- 9.9.4. **you** must allow **us** to pay any insurance premiums which **you** fail to pay (although **we** are not obliged to do this);
- 9.9.5. **you** must deposit the insurance policy with **us**, if **we** ask **you** to do so;
- 9.9.6. your insurance company must provide **us** with an undertaking in our standard format and the current schedule of insurance must be noted with our interest;
- 9.9.7. our written consent must be obtained to the policy. **We** will not unreasonably withhold this consent if the policy meets with the minimum cover and conditions **we** require.

Section 108 (1) and (2) of the Law of Property Act 1925 will not apply to this **Mortgage**. This means that the amount of any insurance effected by **us** or our ability to effect any insurance will not be restricted.

9.10. **You** must also ensure that **you** maintain any insurance specified by **us** in the **Facility Letter** and any other insurance that prudent persons carrying on a business similar to the **Business** would normally maintain. If the **Property** includes **Licensed Premises**, **you** must maintain insurance of any licence, in amounts and on terms as **we** may from time to time require. If **we** so require, our interest must be noted on the relevant policies.

10. LIFE POLICIES

10.1. This **Condition** applies to every **Life Policy** that may be used from time to time to secure obligations under this **Mortgage**. Your **Facility Letter** will indicate whether a **Life Policy** is required and whether **we** require an **Assignment** or a deposit of the policy with **us**.

10.2. If **we** require a **Life Policy** as security and there is no **Assignment** of it, the policy will be treated as deposited with **us** and **we** will have an equitable charge on it. The **Policy Owner** appoints **us** to be their attorney so that **we** can assign surrender or sell or otherwise deal with the policy or the policy money. The **Policy Owner** cannot revoke this appointment unless and until the **Total Debt** is repaid.

10.3. **You** **Covenant** to do the following (or, if **you** are not the **Policy Owner**, to ensure that the **Policy Owner** does the following):

10.3.1. to **Assign** the **Life Policy** to **us** (if **we** so require);

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

10.3.3. to produce to **us** (if **we** ask for it) a receipt for any payments of premiums;

10.3.4. to ensure that the **Life Policy** is valid and in force and that the **Policy Owner** will not do anything or permit anything to be done which would make it invalid or which would prevent **us** from receiving the policy money. The **Policy Owner** must not give or attempt to give to any other person any interest in the policy or proceeds of it;

- 10.3.5. that should there be any possibility of the **Life Policy** becoming invalid the **Policy Owner** will do everything necessary to keep it in force. If the **Life Policy** does become invalid the **Policy Owner** will do everything necessary to put into force a new policy on the same life or lives and for the same amount as the old policy. For the purposes of the **Mortgage** and these **Conditions** any new policy will automatically take the place of the old one and if it is not **Assigned** to **us** it will be treated as deposited with **us** and **we** will have an equitable charge on it.
- 10.4. If there is any failure by the **Policy Owner** to comply with the above **Condition** or if **we** are able to exercise our **Power of Sale** **we** may also do any of the following (so far as applicable, depending on the type of **Life Policy** concerned):
- 10.4.1. **we** may surrender the **Life Policy** to the insurers;
- 10.4.2. **we** may exchange it for a fully paid **Life Policy**;
- 10.4.3. **we** may make such other arrangements as **we** think fit for realising the value of the **Life Policy**;
- 10.4.4. **we** may arrange for the sale of the **Life Policy**;
- 10.4.5. **we** may make such other arrangements with the insurer as **we** decide.
- 10.5. Any money that **we** receive in respect of the **Life Policy** at any time or for whatever reason will be used to reduce or discharge the **Total Debt**.
- 10.6. If the **Total Debt** is repaid **we** will, if requested, re-assign or hand back the **Life Policy** back to the person entitled to it so that **we** no longer have any right to the policy. Any costs that **we** incur in doing this must be paid by the person entitled to the policy.
- 10.7. If the **Total Debt** is repaid to **us** **we** may (with the agreement of the **Policy Owner**) keep the **Life Policy** to be used in connection with the payment of other money that **we** may have lent to **you** or that **we** may lend to **you**. In this case the conditions that will govern that loan will then apply.

- 10.8. The **Policy Owner** must not compete with **us** in claiming the **Life Policy** or any money payable on it until the **Total Debt** has been repaid in full.
- 10.9. **You** **Covenant** that no money has been or will be borrowed from the insurer by the **Borrower** or the **Policy Owner**, and that no monies have been or will be borrowed from any source by the **Borrower** or the **Policy Owner** or any other persons under any option or privilege conferred by or in connection with the **Life Policy**.
- 10.10. **We** will be entitled to keep any commission **we** receive from the sale of the **Life Policy**.

11. INTEREST ONLY AND ENDOWMENT MORTGAGES

- 11.1. If **we** allow **you** to pay your **Mortgage** (or any part of it) on an interest only basis **you** will at the end of the **Mortgage Term** repay the **Total Debt** to **us** from your own resources.
- 11.2. It is your responsibility to check that any repayment vehicle is adequate to redeem your **Mortgage** at the end of the **Mortgage Term** and that there is sufficient life cover in the event of your death.

12. LEASEHOLD PROPERTY

- 12.1. **You** must ensure **you** pay all service charges and ground rent promptly to your landlord. If there is a dispute **you** must inform **us** immediately. **We** may (but are not obliged to) pay your landlord any monies due to prevent your landlord from taking action to end the lease. **You** agree to pay **us** any costs and expenses **we** incur in this respect (see **Condition 16**).
- 12.2. If the **Property** is leasehold there will be included in the **Mortgage** any extended lease which may be granted to **you** in substitution for the original lease. **You** agree to execute any documentation that **we** require in order to confirm this.

13. TRANSFER OF THE MORTGAGE

- 13.1. **We** may at any time transfer some or all of our rights under the **Mortgage** to any person, whether or not a building society.
- 13.2. In connection with such a transfer:
 - 13.2.1. the Rules of the Society and any membership rights in respect of the **Mortgage** will cease to apply;
 - 13.2.2. **we** may disclose any information relating to **you** and the **Mortgage**;
 - 13.2.3. unless the terms of the transfer state otherwise, the person to whom **we** transfer the **Mortgage** will be able to exercise all the rights and powers that **we** could exercise before the transfer.
- 13.3. This **Condition** does not apply to a transfer of the **Mortgage** on a merger between **us** and another building society, or to a transfer of our business to a company, as to which the relevant provisions of the Building Societies Act 1986 will apply.

14. OTHER RIGHTS

- 14.1. So far as **you** can (but only until the time when the **Total Debt** is repaid) **you**:
 - 14.1.1. assign to **us** all **Other Rights** that **you** have or may be entitled to have. This will include copyright in any designs or plans made in respect of the **Property**;
 - 14.1.2. agree that **you** will hold all **Other Rights** on our behalf; and
 - 14.1.3. appoint **us** irrevocably to be your attorney to act for **you** to do the following:
 - (a) to do all such things to assess, agree, obtain, enforce and recover **Other Rights**;
 - (b) to give any notices or counternotices in relation to **Other Rights**; and

- (c) to carry out or enforce any right in respect of the **Property** which **you** may have by law or which **you** may have or become entitled to against any local authority or other body.
- 14.2. Any money received by **you** in respect of **Other Rights** must be used to reduce the **Total Debt** unless **we** tell **you** in writing that it can be used to restore or improve the **Property**.
15. **BORROWERS WITH A MORTGAGE ON MORE THAN ONE PROPERTY**
- If **you** have at any time more than one property mortgaged to **us** this **Condition 15** applies to **you**.
- 15.1. If **you** wish to pay off the loan secured on any of your properties **you** may at the same time have to pay the total debt secured on all or any of your other properties if **we** require **you** to do so, before **we** release the **Security Assets** from the **Mortgage**. Section 93 of the Law of Property Act 1925 will not apply to the **Mortgage**.
- 15.2. This **Mortgage** will be security not only for the **Advance** but also for all money which may at any time be owing by **you** to **us** on any other mortgage with **us**. This means that if **you** either fail to make any **Monthly Payment** on any mortgage with **us** and **we** sell the **Security Assets** or **you** sell the **Security Assets**, any surplus funds will be applied to any remaining mortgage with **us**. If money is still owing on any mortgage over properties that have been sold that amount will be added to the amount owed on your other properties still remaining in mortgage to **us**. In these circumstances **we** are still able to take legal action to recover your debt on the properties not yet sold.
- 15.3. **Conditions 15.1** and **15.2** do not apply to money which is owing to **us** under a loan which is a regulated credit agreement as defined by Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, unless any relevant requirements of that Act have been complied with.

16. COSTS, EXPENSES AND FEES

16.1. Where **we** are entitled under these **Conditions** to recover from **you** any costs or expenses incurred by **us**, then:

16.1.1. **you** must pay them to **us** as soon as **we** give **you** written notice to pay them;

16.1.2. **you** must pay them to **us** in full; and

16.1.3. if **you** do not pay them to **us** within seven days of the date of our written notice, **Interest** may be charged on them from the date the notice is given.

16.2. **We** may charge fees for items relating to the making of a mortgage loan, the operation and monitoring of your account and the **Security Assets**, and the storage of **Title** deeds or the **Security Assets**. The fees will reflect expenses **we** incur and the cost of staff time and the use of our office and computer facilities. **You** must pay any fee **we** charge under this **Condition** 16.2 as soon as **we** give **you** written notice to pay it. If **you** do not pay it within seven days of the date of our written notice, **Interest** may be charged on it from the date the notice is given.

We will provide **you** with details of our current fees on request.

16.3. **We** can change the fees **we** charge at any time. Changes may include the abolition of, or amendment to, existing fees, or the introduction of new fees.

17. TIME AND INDULGENCE

If **we** at any time allow any time or indulgence to **you** and/or any **Guarantor** this will not release or reduce our rights. **We** may vary or release any of your obligations without affecting our remaining rights.

18. NOTICES

18.1. If **we** have to serve on **you** a letter or personal notice or other document under this **Mortgage** it will be in writing and sent to your registered address or other last known address.

- 18.2. If **we** send a notice in the post **you** are deemed to have received it by the time specified in the Society's Rules or, if the Rules no longer apply (by virtue of **Condition 13.2**), 48 hours after **we** have posted it regardless of the class of post used.
- 18.3. If there is more than one of **you**, a notice given to one of **you** will be treated as having been given to all of **you**.
- 18.4. If **we** serve a notice on **you** this is as good as if **we** had served it on the **Guarantor** as well.
- 18.5. If **we**, accidentally, fail to:
- 18.5.1. send to **you** a communication intended for our borrowers generally or a category of our borrowers of which **you** are one; or
- 18.5.2. display a notice at our Principal Office or any branch office
- this will not make the notice invalid.

19. FURTHER LOANS

Although **we** are not (subject to the terms of the **Facility Letter**) obliged to make any further loans to **you** the **Mortgage** has the effect of securing any **Further Advance** that **we** may make to **you**.

20. LEGISLATION

Any reference in these **Conditions** to an Act of Parliament includes reference to that Act as amended or replaced.