



BANK OF SCOTLAND

AS AGENT FOR

BOS (Shared Appreciation Mortgages) No. 6 PLC.

Shared Appreciation Mortgage™

Terms and Conditions



RESIDENTIAL MORTGAGES

SHARED APPRECIATION MORTGAGE LOAN TERMS AND CONDITIONS (OCTOBER 1997 EDITION)

The terms and conditions set out below apply to any Offer of mortgage loan ("Loan") by BOS (Shared Appreciation Mortgages) No. 6 PLC which refers to this booklet. A borrower is any person, whether singly or jointly, to whom the Loan is to be made available as specified in the Offer (and references to "you" and "your" are reference to such borrower)

1. DEFINITIONS AND INTERPRETATION

1.1 In these Conditions, the following definitions apply:

- **Alteration Difference** means, in the case of any alteration to the Property to which Condition 7 applies, an amount equal to the difference between the Value of the Property after satisfactory completion of the alteration and the Value of the Property as it was before such alteration was commenced (and the Alteration Difference may be a negative amount);
- **Appreciation Amount** means an amount calculated by multiplying the Appreciation Element by the Share of Appreciation Percentage applicable at the relevant time;
- **Appreciation Element** means an amount equal to the Value of the Property from time to time less the Base Value provided that in no circumstances will the Appreciation Element be less than zero;
- **Base Value** means the amount specified as such in the Offer being an amount equal to the lower of the purchase price of the Property (if appropriate) and the Value of the Property as determined by the Mortgage Valuation carried out in relation to the Offer, in either case as altered or adjusted from time to time in accordance with these Conditions;
- **Conditions** means these Shared Appreciation Mortgage Loan Terms and Conditions (October 1997 Edition);
- **Charge Conditions** means our Shared Appreciation Mortgage Charge Conditions (October 1997 Edition);
- **Default Rate** means the variable rate of interest so specified by the Lender in relation to this Loan;
- **Event of Default** means any of the events set out in Condition 13;
- **Lender** means BOS (Shared Appreciation Mortgages) No. 6 PLC, its successors in title and assigns and other persons deriving title under any of them (and references to "we", "our" and "us" are references to the Lender);
- **Loan Amount** means the amount lent to you by us under the Offer as reduced by any partial repayment made by you (but for the avoidance of doubt excluding the whole or any part of the Appreciation Amount);
- **Mortgage Valuation** means a valuation of the Property by a valuer approved by us carried out on our behalf;
- **Offer** means the written offer by us to make the Loan to you provided to you with these Conditions;
- **Partial Repayment Appreciation Amount** means in the case of any partial repayment of the Loan Amount in accordance with Condition 6, an amount calculated by multiplying the Appreciation Amount at the time of the partial repayment by the Repayment Percentage;
- **Property** means the property specified in the Offer;

- **Repayment Percentage** means in the case of any partial repayment of the Loan Amount in accordance with Condition 6, the percentage of the Loan Amount which is thereby repaid;
- **Share of Appreciation Percentage** means the percentage specified as the Share of Appreciation in the Offer as altered or adjusted from time to time in accordance with these Conditions;
- **Termination Event** means any of the following events:
 - the death of a sole borrower or a last surviving joint borrower;
 - the occurrence of an Event of Default;
 - the service of the notice of entry in connection with the compulsory purchase of the whole or any part of the Property;
- **Value Difference** means the difference (if any) between the two Values of the Property as determined under Condition 8;
- **Value of the Property** means an amount equal to the value of the Property as determined by the relevant Mortgage Valuation.

2. TERMINATION EVENTS

You must give us notice of the occurrence of a Termination Event as soon as possible. In the event of the death of a sole borrower or a last surviving joint borrower, your personal representatives must give us notice of the death.

3. REPAYMENT IN FULL - GENERAL

- 3.1 You may repay the Loan Amount in full at any time. Before repaying the Loan Amount you must give us at least one month's notice of the date on which you intend to do so and we will obtain a Mortgage Valuation.
- 3.2 The Loan Amount may not be repaid before we have obtained a Mortgage Valuation.
- 3.3 When you repay the Loan Amount you must also pay us the Appreciation Amount by way of further consideration for the advance of the Loan Amount.
- 3.4 When the Loan is repaid, you will pay us an administration fee of £300. If the Loan Amount is repaid within three years of the date on which the Loan is drawn you will pay us an early repayment fee equal to 1.5% of the initial Loan Amount (unless the Loan is being repaid following your death).
- 3.5 If the Loan Amount is repaid it may not be redrawn.
- 3.6 Conditions 3.2 to 3.5 (inclusive) apply whenever the Loan Amount is or is to be repaid (including after the occurrence of a Termination Event).

4. REPAYMENT AFTER A TERMINATION EVENT

- 4.1 You must repay the Loan Amount and pay the Appreciation Amount (as provided by these Conditions) after the occurrence of a Termination Event.
- 4.2 If the Termination Event in question is the death of a sole borrower or a last surviving joint borrower then the Loan Amount must be repaid and the Appreciation Amount must be paid within such reasonable period as we may require and, in any event, within eighteen months of the date of death. Before repaying the Loan Amount and paying the Appreciation Amount your personal representatives must give us at least one month's notice of the date on which they intend to do so and we will obtain a Mortgage Valuation.
- 4.3 If the Termination Event in question is the occurrence of an Event of Default then we may obtain a Mortgage Valuation at any time thereafter and you must repay the Loan Amount and pay the Appreciation Amount immediately we have obtained the Mortgage Valuation.

- 4.4 If the Termination Event in question is the service of the notice of entry in connection with the compulsory purchase of the whole or any part of the Property then you must repay the Loan Amount and pay the Appreciation Amount on the date the compulsory purchase is completed. You must give us at least one month's notice of that date and we will obtain a Mortgage Valuation.

5. MORTGAGE VALUATIONS

- 5.1 If you repay the Loan Amount (in whole or part) within three months of the date of a Mortgage Valuation the Value of the Property will be determined by reference to that Mortgage Valuation unless and until a further Mortgage Valuation is obtained. If the Loan Amount is not repaid (in whole or part) within three months of the date of a Mortgage Valuation we may obtain a further Mortgage Valuation in which case the Value of the Property will be determined by reference to such further Mortgage Valuation.
- 5.2 If after we have obtained a Mortgage Valuation (but before you have repaid the Loan Amount, or the relevant part of the Loan Amount, and paid the Appreciation Amount or the Partial Repayment Appreciation Amount) you wish us to obtain a further Mortgage Valuation you may within one month of the date of the initial Mortgage Valuation require us to obtain (or, with our prior written consent, you may obtain) a further Mortgage Valuation from any valuer on our panel of approved valuers for properties in the area of the Property.
- 5.3 If the Value of the Property as determined by such further Mortgage Valuation is less than the Value of the Property as determined by the immediately preceding Mortgage Valuation then, for the purposes of calculating the Appreciation Element, "Mortgage Valuation" shall be construed as a reference to such further Mortgage Valuation.
- 5.4 This Condition 5 does not apply to the Mortgage Valuation carried out in relation to the Offer or after an Event of Default.

6. PARTIAL REPAYMENT

- 6.1 You may make a partial repayment of the Loan Amount at any time after the first anniversary of the date on which the Loan is drawn. No more than one partial repayment of the Loan Amount may be made in any period of one year.
- 6.2 Any partial repayment of the Loan Amount and payment of a proportion of the Appreciation Amount must be in an aggregate minimum amount of £10,000.
- 6.3 We will obtain a Mortgage Valuation before you make a partial repayment of the Loan Amount.
- 6.4 When you make a partial repayment of the Loan Amount you must also pay us, by way of payment of further consideration for the advance of the Loan Amount, the Partial Repayment Appreciation Amount.
- 6.5 The Share of Appreciation Percentage applicable to the Loan thereafter will be reduced by the Repayment Percentage and we will notify you of the reduced Share of Appreciation Percentage.
- 6.6 When the Loan Amount is repaid in part, we will deduct an administration fee of £100 from the monies paid by you to us, which will not be taken into account in the calculation set out in Condition 6.5.

7. ALTERATIONS

- 7.1 If you wish to make an alteration to the Property which will cost £10,000 or more you must notify us and we will obtain a Mortgage Valuation to establish the Value of the Property prior to the alteration.
- 7.2 At this time we also request the valuer to determine the Value of the Property assuming that the alteration has been satisfactorily completed (in order to calculate the Alteration Difference) and we notify you of his determination.

- 7.3 You will be required to complete the alteration satisfactorily. Having done so, you must notify us and we will arrange for the Property to be re-inspected. The valuer will then confirm to us (if such is the case) that the alteration has been satisfactorily completed.
- 7.4 Once the alteration has been satisfactorily completed, the Base Value will be increased or decreased by the Alteration Difference and the Appreciation Amount will be adjusted to allow for the effect of the Alteration Difference.
- 7.5 We will not agree to adjust the Base Value retrospectively should you fail to notify us prior to making an alteration to the Property which will cost in excess of £10,000.
- 7.6 The Base Value will not be adjusted if an alteration costing less than £10,000 is made.

8. DAMAGE TO OR DESTRUCTION OF THE PROPERTY

- 8.1 You must notify us of any material or significant damage to or destruction of the Property and any works of repair and reinstatement carried out or to be carried out to the Property.
- 8.2 You must repair and reinstate the damage to or destruction of the Property as soon as reasonably practicable after obtaining any necessary consents, permissions or approvals relating thereto. You should also make use of any monies received under any insurance policy effected by you in respect of the Property.
- 8.3 When you notify us in accordance with Condition 10 that the works of repair and reinstatement have been completed and the Property has so far as possible been repaired and reinstated to its state and condition before the damage or destruction occurred, we may obtain a Mortgage Valuation of the Property.
- 8.4 Any such Mortgage Valuation of the Property will determine the Value of the Property;
- in its state and condition as repaired and reinstated; and
 - in its state and condition before it was damaged or destroyed.
- 8.5 If such a Mortgage Valuation is carried out and establishes a Value Difference we will notify you of the Value Difference and the Base Value of the Property will be increased or decreased as the case may be by the Value Difference. The adjusted Base Value will be specified by us in our notice. The Appreciation Amount will be adjusted to allow for the effect of the Alteration Difference.

9. COST OF MORTGAGE VALUATIONS

You are liable to pay for any Mortgage Valuation obtained by us, and for the cost of any re-inspection of the Property.

10. NOTICES

- 10.1 In addition to any other obligation you may have under these Conditions you must give us notice of the following without delay:
- an intended sale of the Property;
 - your intention to carry out and the completion of any alteration to the Property to which Condition 7 applies;
 - any material or significant damage to or destruction of the Property;
 - the commencement and completion of any works of repair and reinstatement to the Property (following material or significant damage or destruction); and
 - a notification to you that the Property may be compulsorily purchased (in whole or part).
- 10.2 Any notice given by you to us or by us to you under these Conditions is only valid and effective if it is in writing.

11. CONDITIONS FOR DRAWING THE LOAN

Before you can use the Loan offered:

- (a) the legal formalities regarding the security referred to in Condition 13 must have been completed. The terms of the Report on Title (to the Property) must be acceptable to us;
- (b) you must return the signed acceptance of the Offer and, in doing so, you are deemed to confirm that:
 - (i) no other loan or security agreement will be breached as a result of your acceptance of the Offer and use of the Loan;
 - (ii) you are not involved in any court proceedings;
 - (iii) no Event of Default has occurred;
 - (iv) the information provided by you to us in respect of your application for the Loan is correct and there have been no material changes in your financial circumstances; and
 - (v) you will use the Loan funds for a legal purpose.

12. SECURITY

You will grant to us, by way of security for the payment of all sums due from you to us (including the Loan Amount, and the Appreciation Amount) a security over the Property in a form acceptable to us. The security will be by way of a first Legal Mortgage.

13. EVENTS OF DEFAULT

13.1 An Event of Default will occur upon the happening of any of the following events:

- (a) you fail to pay any sum on the due date for payment under these Conditions or any other sum due and payable to us;
- (b) a petition is presented for your bankruptcy;
- (c) any diligence, distress, execution or other legal process is levied or enforced or sued out against any of your assets;
- (d) any person takes possession of, or a receiver is appointed over, the whole or any part of your assets;
- (e) you stop or delay payment of sums due or are unable to pay debts as they fall due or are believed unable to pay sums due or are deemed apparently insolvent under insolvency legislation; or
- (f) you do not comply with any term or condition of the Offer, these Conditions or any security document or we discover that any information provided by you to us either before or after the acceptance of the Offer is untrue.

13.2 If an Event of Default has occurred we may at any time thereafter:

- (a) cancel any undrawn part of the Loan Amount; and/or
- (b) obtain a Mortgage Valuation; and/or
- (c) charge an administration fee to compensate us for the additional time spent in administering the Loan; and/or
- (d) charge to you any costs and expenses incurred by us in enforcing our rights under the Offer or these Conditions or in protecting and enforcing our security; and/or
- (e) charge you interest at the Default Rate on any sum due from you to us under these Conditions (other than the Loan Amount and the Appreciation Amount) and/or the terms and conditions of any security document.

14. GENERAL CONDITIONS AND ADMINISTRATIVE PROVISIONS

- 14.1 We can withdraw the Offer at any time before acceptance by you.
- 14.2 At time of drawdown, the Loan funds will be remitted to your solicitor by interbank electronic transfer. The appropriate transfer fee will be deducted from the Loan funds.
- 14.3 A statement of the Loan Amount at any time and/or the Appreciation Amount and/or Interest and/or charges due to us at any time, as certified by a person authorised to act on our behalf, shall (except where we have made an obvious error) be final and conclusive.
- 14.4 No delay by us in exercising any right, power or privilege under the Offer or these Conditions shall prevent us from exercising it at a later date and we can exercise any of our powers on more than one occasion.
- 14.5 Unless otherwise agreed in writing, the Offer and these Conditions will be governed by the law of the country in which the Property is situated and the courts of that country will have jurisdiction in relation to any matter relating to the Offer and these Conditions.
- 14.6 Any notice from us shall be effectively given if sent by post to your address last known to us or to the Property. Any notice shall be deemed to have been given and received forty-eight hours after being sent by first class post.
- 14.7 You shall reimburse us for all legal fees and expenses relating to the Offer and any security that may be required.
- 14.8 You must keep the Property insured, with an insurance company previously approved in writing by us, against loss or damage by any of the normal risks included in a comprehensive domestic buildings insurance policy (which are specified in the Charge Conditions) in the full reinstatement value of the Property for the time being and upon an index-linked basis together with all costs of demolishing any buildings on the Property and removing the debris, all architects', surveyors', engineers' and other professional fees for rebuilding or reinstating the Property following any damage by any of such risks and also Value Added Tax upon any such costs or fees. Full details of our insurance requirements are set out in the Charge Conditions.
- If you fail to so insure we may effect such insurance on your behalf and debit the cost to your account. The amount and scope of cover required by us to protect our interests may be less than you require to protect your own interests. By accepting these terms you acknowledge this and accept that it is your own responsibility to arrange any additional insurance which may be required.
- 14.9 In the event that the Property is less than ten years old, either a valid National House Building Council Registration Certificate or a Zurich Municipal 'Newbuild' Guarantee must be in force. As an alternative, and entirely at our discretion, a set of Architects Certificates, acceptable to us and if necessary, assigned to you, must be in place. In the event that the Property is less than fifteen years old, a valid 'Foundation 15' certificate will be accepted in this regard.
- 14.10 You must use the Property as your only or main residence.
- 14.11 You must not:
- (a) use or permit any part of the Property to be used for any commercial purpose or for any purpose other than as a private residence in the occupation of one family or household only; or
 - (b) carry out any structural alteration to the Property or (without complying with the provisions of Condition 7) any alteration to the Property costing £10,000 or more; or
 - (c) mortgage or charge the Property (or allow it to be mortgaged or charged) without our prior written consent; or
 - (d) let, sublet, convey, assign, transfer, or otherwise dispose of or deal with the Property (in whole or part).
- 14.12 Full details of our requirements relating to the Property are set out in the Charge Conditions.
- 14.13 In the event that the Offer is addressed to, and accepted by, more than one person, the obligations of such person shall be joint and several.

15. **PARTIAL INVALIDITY**

If, at any time, any provision of these Conditions is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the remaining provisions of these Conditions shall not in any way be affected or impaired thereby.

16. **TRANSFER, ASSIGNMENT AND SECURITISATION**

- 16.1 We may wish to transfer or assign (or agree to transfer or assign) to another person or we may wish to 'securitise' some or all of our rights or obligations relating to the Loan at some time in the future. We would expect that the Loan would continue to be administered by Bank of Scotland.
- 16.2 By accepting the Offer, you consent to such transfer, assignment or "securitisation" (or agreement to transfer, assign or "securitise") and you authorise us to disclose your name, address and other relevant information, on a confidential basis, to any interested party.

This Booklet has been adopted by BOS (Shared Appreciation Mortgages) No. 6 PLC as its Terms and Conditions for Shared Appreciation Mortgage Loans; October 1997.

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Important Points to Note

- ♦ The Broken Period Interest, if applicable, will be collected from your bank account at the same time as your first monthly interest payment.
- ♦ Please advise us in writing prior to commencing any alterations to the property which cost in excess of £10,000.00. *A Mortgage Valuation will be carried out before the works commence and a re inspection carried out on completion.*
- ♦ You may redeem your loan at any time. *Please remember to give at least 30 days notice in order that we may obtain a valuation.*
- ♦ Partial repayments will be accepted (minimum £10,000) after the first anniversary of the loan. *Again please remember to give 30 days notice in order that we may obtain a valuation.*
- ♦ Additional funds requests may be considered by Bank of Scotland after your account has been open for one year. Any such requests would be subject to the Bank's own lending criteria and, if granted, would require a separate legal charge on your property in favour of the Bank necessitating the use of a solicitor.
- ♦ The property must be for your own private use, any letting of the property will not normally be considered.

Example:
10,000
- 16.2 pm
1211
Solicitor
Valuation

The "Terms and Conditions" brochure already in your possession, details all the relevant conditions concerning your mortgage and you should take time to read this carefully.

Please remember to advise us of any changes in your circumstances and should you have any queries please do not hesitate to contact us. Our Freephone line 0800 838549 is available from 8:00am till 8:00pm Monday to Friday and our Customer Service Team will be happy to be of assistance



BANK OF SCOTLAND

AS AGENT FOR

BOS (Shared Appreciation Mortgages) No. 6 PLC.

Shared Appreciation Mortgage™

Charge Conditions

(October 1997 Edition)



WARNING

THESE CONDITIONS ARE A LEGAL DOCUMENT AND FORM PART OF YOUR MORTGAGE. YOU SHOULD TAKE INDEPENDENT LEGAL ADVICE AS TO THEIR TERMS BEFORE SIGNING YOUR CHARGE.



BANK OF SCOTLAND

AS AGENT FOR

BOS (Shared Appreciation Mortgages) No. 6 PLC.

TEVIOT HOUSE, 41 SOUTH GYLE CRESCENT, EDINBURGH EH12 9DR

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RESIDENTIAL MORTGAGES

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BOS (Shared Appreciation Mortgages) No. 6 PLC

SHARED APPRECIATION MORTGAGE CHARGE CONDITIONS (OCTOBER 1997 EDITION)

1. DEFINITIONS AND INTERPRETATION

- 1.1 In these Conditions, the words and phrases set out below have the meanings set against them, unless the meanings are inappropriate in the context in which the defined words appear:

"Appreciation Amount" has the same meaning as is given to this term in the Lender's Shared Appreciation Mortgage Loan Terms and Conditions (October 1997 Edition).

"Borrower" means any and every person who is referred to in the Charge as the Borrower and also:

- (i) the Borrower's personal representatives; and
- (ii) any person who claims any estate, right or interest from or through the Borrower in the Debt owed by the Borrower.

"Charge" means any mortgage, charge or sub-charge created at any time over any interest in the Property to secure the payment of the Debt to the Lender.

"Debt" means all sums of money (including for the avoidance of doubt the Appreciation Amount) owed and all liabilities to the Lender or obligations to be carried out at any time and from time to time by a Borrower whether:

- (i) they arise before or after the Lender has demanded that they are paid or carried out;
- (ii) they are owed or to be carried out immediately or only after a stated event has occurred;
- (iii) the Borrower owes or is to carry them out on his own or jointly with any other persons;
- (iv) the Borrower owes or is to carry them out on his own account or as guarantor for other persons;

together with Interest upon them and Expenses relating to them.

"Expense" or "Expenses" mean the total of the following:

- (i) any commission and other charges which the Lender may from time to time charge to the Borrower in the ordinary course of the Lender's business in respect of the Debt or any service provided by the Lender to the Borrower;
- (ii) any costs, charges, premiums, fees and expenses incurred from time to time by the Lender or the Receiver under these Conditions and which are either repayable by the Borrower under these Conditions or are incurred in the exercise by the Lender or the Receiver of their powers under these Conditions;
- (iii) any costs, charges and expenses incurred by the Lender or the Receiver in connection with the Lender or the Receiver doing anything to protect the Charge or to obtain possession of or sell or deal (in any other way allowed by these Conditions) with the Property;

together with Value Added Tax upon such sums where appropriate.

"Insured Risks" means fire, explosion, collision, impact, storm, flood, lightning, landslip, subsidence, burst pipes, terrorist acts and such other risks as the Lender may from time to time require.

"Interest" means any sum of money payable to the Lender by way of interest upon the Debt.

"Landlord" means the landlord or licensor under any Lease.

"Lease" means any lease, licence, tenancy or other agreement by virtue of which the Borrower owns the Property.

"Lender" means BOS (Shared Appreciation Mortgages) No. 6 PLC its successors in title and assigns and other persons deriving title under any of them.

"Loan" means both:

- (i) any sum of money lent by the Lender to the Borrower; and
- (ii) any other facility made available or obligation undertaken by the Lender to or for the Borrower.

"Loan Document" means the Lender's Shared Appreciation Mortgage Loan Terms and Conditions (October 1997 Edition) and any letter or other document addressed to the Borrower by the Lender setting out the basis upon which the Lender will make a Loan to the Borrower, including any revision or amendment to, or substitution for, such conditions, letter or document.

"Occupier" means any and every person who is, or is to be, in occupation of all or part of the Property and who has postponed his rights in the Property to the Lender.

"Property" means the freehold or leasehold land described in the Charge which has been charged to the Lender by the Charge (where the context allows this) as security for the payment of the Debt together with any other assets or rights charged by the Charge.

"Receiver" means any person (who may be an employee of the Lender) who is appointed by the Lender in writing to be the receiver and manager of all or any part of the Property and also any person who is substituted by the Lender in writing for such person.

1.2 In these Conditions, unless it is inappropriate in the context in which they appear:

- (a) any words of either the masculine, feminine or neuter genders also include the other genders;
- (b) any words in the singular or the plural also include the other;
- (c) any reference to any of a person, firm, partnership, unincorporated association, body corporate or company also includes a reference to each of the others;
- (d) any reference to these Conditions also includes a reference to any document into which these Conditions are incorporated by implication;
- (e) any reference to an Act of Parliament or to a Statutory Instrument is to mean a reference to that Act or Statutory Instrument as it has been modified or re-enacted from time to time;
- (f) any reference to a "Condition" means a reference to the relevant one of these Conditions;
- (g) the headings in these Conditions are for information only and have no legal effect;
- (h) where in these Conditions any list of two or more words is ended by words general in nature, the meaning of those general words shall not be construed restrictively according to the meaning of the more specific words preceding them in the list.

2. INTEREST

2.1 The Borrower will pay to the Lender Interest upon the Debt in accordance with the Loan Document or any other agreement dealing with the payment of interest upon the Debt.

2.2 To the extent that either the Loan Document does not deal with the payment of Interest, or there is no Loan Document or other arrangement as to interest for a particular Loan, then the Borrower will pay interest on such Loan at the Lender's usual rate and on the Lender's usual basis at that time and from time to time for that type of Loan and such Interest will be calculated and compounded in accordance with the Lender's usual method for that type of Loan.

- 2.3 The Borrower will pay Interest to the Lender both before and after:
- (a) the Lender has demanded payment of all or any part of the Debt; and
 - (b) the Lender has obtained any judgment for the payment of all or any part of the Debt.

3. REPAYMENT

The Borrower will pay to the Lender the Debt in accordance with the provisions of the Loan Document but in the absence of a Loan Document the Borrower will pay to the Lender the Debt when the Lender lawfully demands in writing that the Borrower does so and fully in accordance with any such demand.

4. INSURANCE

- 4.1 The Borrower will keep the Property insured with an insurance company previously approved in writing by the Lender against loss or damage by any of the Insured Risks in the full reinstatement value of the Property for the time being and upon an index-linked basis together with all costs of demolishing any buildings on the Property and removing the debris and all architects', surveyors', engineers' and other professional fees for rebuilding or reinstating the Property following any damage by any of the Insured Risks and also Value Added Tax upon any such costs or fees.
- 4.2 Any such insurance policy shall be taken out at the option of the Lender either:
- (a) in the joint names of the Lender and the Borrower; or
 - (b) with the interest of the Lender noted upon such insurance policy, whether or not as a loss payee;
- and in either case, the Borrower will ensure that such insurance policy contains such provisions for the protection of the Lender as the Lender may from time to time reasonably require.
- 4.3 The Borrower will pay all premiums and other monies necessary to keep such insurance policy in force on the dates upon which such monies are to be paid under the insurance policy.
- 4.4 The Borrower will upon request from the Lender from time to time produce to the Lender proof that all such payments have been properly made, together with a copy of the insurance policy.
- 4.5 If the Borrower is required under the Lease to insure the Property on certain terms or to reimburse to the Landlord any insurance premiums spent by the Landlord,

then, if the Borrower complies fully and promptly with such requirements, the Borrower will be deemed to have complied with the provisions of Condition 4.1 if such insurance whether by the Borrower or the Landlord extends to cover at least the Insured Risks in at least the amount set out in Condition 4.1.

- 4.6 If the Property is insured in accordance with Condition 4.5, then the Borrower will on request from the Lender from time to time produce proof satisfactory to the Lender that the provisions of Condition 4.5 have been complied with.
- 4.7 If the Borrower does not:
- (a) take out and keep up such insurance policy; or
 - (b) pay the premiums and other monies promptly; or
 - (c) ensure that the Landlord insures the Property in accordance with Condition 4.6; or
 - (d) prove to the Lender that the premiums and other such monies have been paid;

then the Lender may itself take out or renew such insurance policy in any sum and on any terms which the Lender may in its discretion think fit and any money spent by the Lender under this Condition shall be an Expense.

- 4.8 The Borrower must notify the Lender in writing as soon as possible after an event has happened which is likely to lead to a claim being made under any insurance policy relating to the Property.
- 4.9 Subject to the provisions of the Lease or any lease of all or part of the Property, all monies payable under any insurance policy in respect of any loss or damage to the Property must be paid to the Lender and, at the option of the Lender, will be used either:
- (a) to repair, reinstate or replace the loss or damage in respect of which such money is paid; or
 - (b) in repaying the Debt;
- and in the meantime will be paid into such account of the Borrower with the Lender as the Lender may require.
- 4.10 At any time after the Lender has demanded that the Borrower repay the Debt, or the Borrower is required to make such payment under the terms of any Loan Document the Lender or the Receiver may insure the Property in such sum, upon such terms, against such risks and with such insurance company as the Lender or Receiver may think fit, and the cost of so doing shall be an Expense.

5. THE BORROWER'S LEASING POWERS

5.1 The Borrower will not:

- (a) grant or accept the surrender of any lease or tenancy of all or part of the Property whether under the powers given by Sections 99 and 100 of the Law of Property Act 1925 or otherwise; or
- (b) extend, renew or vary either the Lease or any lease or tenancy granted by the Borrower or his predecessors in title in favour of any third party of all or part of the Property; or
- (c) give any consent to transfer or underlet any such lease or tenancy; or
- (d) give up the possession of all or any part of the Property or grant any licence or right to occupy all or any part of the Property; or
- (e) agree to do any of such things.

5.2 The Borrower will at his own expense upon written request from the Lender at such times as the Lender shall think fit inform the Lender in writing who is in occupation of each part of the Property and upon what terms.

6. FURTHER SECURITY

The Borrower will, at his own cost and whenever required by the Lender, do anything and execute all such deeds, instruments, notices or other documents of any kind, in such form as the Lender may require, in order to enhance or perfect the Lender's security under the Charge, or to preserve the Property or to enable the Lender either to enforce the Charge or to exercise any of the powers and rights given by these Conditions or by law to the Lender or the Receiver.

7. THE BORROWER'S OBLIGATIONS

The Borrower agrees with the Lender as follows:

- 7.1 Not without the prior written consent of the Lender to create or attempt to create or allow to be created or to exist (whether by a specific agreement imposed by rule of law or Act of Parliament) any mortgage, charge or lien of any kind over the Property.
- 7.2 (a) Not to lease, license or otherwise part with possession of all or any part of the Property.
- (b) Not (i) to sell, transfer or otherwise dispose of all or any part of the Property whether at law or in equity without first redeeming the Charge, or (ii) to agree to do so.
- 7.3 Without delay and in a proper manner and in any event within such period of time as the Lender may require and to the Lender's satisfaction to complete any buildings in

the course of construction at any time upon the Property in accordance with the requirements of any planning permission or other consent for their carrying out and to the satisfaction of any relevant authorities.

- 7.4 To repair and keep in good and substantial repair, and if necessary to rebuild or reinstate, all buildings or other erections, any services for such buildings and any fixtures at any time in or upon the Property.
- 7.5 Not to make any structural alteration to the Property or any alteration to any buildings or other erections on the Property costing £10,000 or more without complying with the appropriate provision of the Loan Document or to apply for any planning consent for the development or change of use of the Property, or to do or allow or omit to be done anything which might adversely affect the value of the Property.
- 7.6 (a) To allow the Lender and any person authorised by the Lender to enter the Property at all reasonable hours in the daytime following prior written notice to value the Property or to examine the state and condition of the Property and to leave at the Property notice in writing of all defects and repairs which that person considers need to be carried out to the Property to preserve the value of the Lender's security.
- (b) Immediately after receiving such notice, to carry out all works stipulated in such notice and if the Borrower shall fail to carry out all or some of such works, the Lender shall be entitled, with or without workmen, to enter the Property at any time to carry out such works, and any money spent by the Lender in carrying out such works shall be an Expense.
- 7.7 To comply in all respects with the provisions of all agreements, contracts, conveyances, grants and any deeds or documents which contain any matters affecting the Property or its use.
- 7.8 If the Property is leasehold, to pay all rents and to observe and perform all of the provisions in the Lease binding upon the Tenant and to enforce the performance by the Landlord of its obligations under the Lease.
- 7.9 Immediately upon receipt to pass on to the Lender a copy of any notice received by the Borrower from any person (including the Landlord if the Property is leasehold) and at the Borrower's expense to take all such actions (including legal proceedings) as the Lender may require in connection with such notices and if the Borrower fails to take such actions, the Lender shall be entitled to take such action (including legal proceedings) as it thinks fit in connection with such notice, whether or not in the name of the Borrower, and any money so spent by the Lender shall be an Expense.
- 7.10 Not to do, or allow to be done, nor omit to do, anything on the Property which might prejudicially affect any insurance policy in respect of the Property.
- 7.11 To ensure that any legislation, regulations or bye-laws for the time being and from time to time in force and applicable to the Property are fully complied with.

- 7.12 Immediately upon receipt to pass on to the Lender a copy of any notice or proposals for a notice or order served on the Borrower under any legislation, regulation or by-law by any competent authority and to give notice to the Lender immediately on becoming aware of any other matter which will or might adversely affect the value of the Property and, if so required by the Lender, to make or join in making such representations in respect of any such matters as the Lender may reasonably require and any costs incurred by the Lender in this regard shall be an Expense.
- 7.13 If the Property is leasehold, immediately upon acquiring any extended lease or the freehold of the Property, or an interest in the freehold of the Property, whether under the Leasehold Reform Act 1967, the Landlord and Tenant Act 1987, the Leasehold Reform Housing and Urban Development Act 1993 or any other Act of Parliament or otherwise the Borrower will:
- (a) deliver (as the case may be) such extended lease or the title deeds to the freehold or the documents evidencing his interest in such freehold to the Lender; and
 - (b) if required by the Lender execute as a deed at the Borrower's cost a legal charge in favour of the Lender in such form as the Lender may require over such extended lease, freehold to the Property or interest in such freehold (as the case may be) as security for the Debt.
- 7.14 Subject to the rights of any prior chargee, on request by the Lender to deposit with the Lender all title deeds, planning permissions and insurance policies relating to the Property which the Lender shall be entitled to hold and retain while the Charge is in force.
- 7.15 If the title to the Property is not registered under the Land Registration Acts 1925 to 1986, to ensure that no person shall be registered under such Acts as proprietor of all or any part of the Property without the prior written consent of the Lender while the Charge is in force.
- 7.16 Whether or not title to the Property is registered under the Land Registration Acts 1925 to 1986, in the event that any caution against first registration or against dealings (as appropriate) is registered against the title of all or part of the Property, to give to the Lender full particulars of the circumstances relating to such registration and if such caution shall have been registered in order to protect a purported interest the creation of which is contrary to the obligations of the Borrower under these Conditions, immediately at the Borrower's expense to take such steps as the Lender requires to ensure that the caution is removed.
- 7.17 Not to deal with any claim for compensation arising in any fashion in respect of all or part of the Property other than in accordance with the requirements of the Lender, and if required by the Lender to pay to the Lender in reduction of the Debt all or part of such compensation.

- 7.18 If any works of construction or refurbishment are at any time carried out upon the Property, at the request of the Lender to assign to the Lender as further security for the Debt, and in such form as the Lender shall require:
- (a) the benefit of all the Borrower's rights and claims with regard to such work against the building contractor and any other person carrying out services for the Borrower in connection with such works, and their respective subcontractors and suppliers;
 - (b) any rights, licences, warranties, guarantees or maintenance agreements in connection with such works of which the Borrower has the benefit.
- 7.19 If the Property has the benefit of any rights under any agreement with the National House Building Council or other similar body or under any other arrangement giving similar rights, not to deal with any claim under such agreement other than in accordance with the requirements of the Lender, and if required by the Lender either to pay to the Lender in reduction of the Debt the proceeds of any such claim or to use such proceeds in reinstatement of the Property.
- 7.20 Not to use the whole or any part of the Property for any commercial purpose or for any purposes other than as a private residence in the occupation of one family or household only.

8. THE LENDER'S POWERS AND THE ENFORCEMENT OF THE CHARGE

- 8.1 At any time after the Lender has demanded the payment of the Debt or the Borrower is required to make such payment under the terms of any Loan Document or following a request by the Borrower and insofar as the law allows, the Lender may:
- (a) appoint a Receiver over all or part of the Property;
 - (b) exercise all of the powers conferred upon it as mortgagee by the Law of Property Act 1925 as extended or varied by these Conditions;
 - (c) take possession of the Property and in so doing shall be deemed to be the agent of the Borrower, and to the extent that they are not charged by the Borrower in the Charge the Lender may at the expense of the Borrower and as the agent of the Borrower remove, store, preserve, sell or otherwise dispose of any chattels and any livestock at the Property without being liable to the Borrower for any loss in connection with such disposal and the Lender will pay the net proceeds of sale of such chattels and livestock (after payment of any costs incurred in connection with such removal, storage, preservation and disposal) to the Borrower on his demand and in the case of an individual the Lender shall not have the right to retain or to set off such proceeds of sale against the Debt.

8.2 Section 103 of the Law of Property Act 1925 shall not apply to the Charge, and the Charge shall become immediately capable of being enforced and the power of sale and other powers conferred on mortgagees by that Act (as extended or varied by these Conditions) shall arise and become exercisable without the restrictions contained in that Act at any time after the date of the Charge PROVIDED THAT the Lender will not exercise such powers until it has demanded the payment of the Debt but this provision shall not affect anyone acquiring any interest in the Property from the Lender or put him upon enquiry as to whether or not such demand has actually been made.

8.3 The restriction on the right of consolidating mortgages which is contained in Section 93 of the Law of Property Act 1925 shall not apply to the Charge.

8.4 The following provisions shall apply to any Receiver:

- (a) where more than one Receiver is appointed, they shall have the power to act severally as well as jointly in relation to all or any part of the Property unless the Lender shall when appointing them specify otherwise;
- (b) if the Lender appoints a Receiver over part only of the Property, the Lender will still be entitled to appoint the same or another Receiver over any other part of the Property;
- (c) the Lender may from time to time determine how and how much the Receiver is to be paid;
- (d) the Lender may from time to time remove the Receiver from all or part of the Property and, if it wishes, appoint another in his place;
- (e) the Receiver shall, so far as the law permits, be the agent of the Borrower, who shall alone be personally liable for the Receiver's acts, defaults and costs;
- (f) the Receiver shall have all the powers given to receivers by the Law of Property Act 1925 in the same way as if the Receiver had been duly appointed under that Act, and in addition to, but without limiting such general powers, and without prejudice to the Lender's powers, the Receiver shall have power in the name of the Borrower or otherwise to do the following things:
 - (i) to take possession of, collect and get in all or any part of the Property;
 - (ii) to commence and/or complete any building works on any part of the Property;
 - (iii) to apply for and obtain any permissions, approvals, consents or licences as he may in his absolute discretion think fit;
 - (iv) to acquire any further property, assets or rights whatsoever, whether by way of purchase, lease or otherwise;
 - (v) to borrow money for any purpose specified in this Condition from the Lender or any other person upon the security of the Property or otherwise;

- (vi) to manage the Property in such manner as he shall think fit;
- (vii) if the Property is leasehold, to vary the terms of or surrender the Lease and/or to take a new lease of all or any part of the Property on such terms as he shall think fit, and so that such new lease shall become charged to the Lender on the terms of the Charge so far as applicable and to execute a formal legal mortgage over any such new lease in favour of the Lender in such form as the Lender may require;
- (viii) if the Property qualifies, to acquire either an extension to the Lease or the freehold of the Property or an interest in the freehold of the Property under the Leasehold Reform Act 1967, the Landlord and Tenant Act 1987, the Leasehold Reform, Housing & Urban Development Act 1993 or any similar Act of Parliament, and so that such new or extended lease, or the freehold of the Property, or any interest in the freehold of the Property, shall become charged to the Lender on the terms of the Charge so far as applicable and the Receiver shall execute a formal legal charge over (as the case may be) such extended lease, or the freehold of the Property, or any interest in the freehold of the Property in favour of the Lender in such form as the Lender may require;
- (ix) to sell (whether by way of auction or by private contract or by any other means), let, or grant licences of, and to vary the terms of or terminate or accept surrenders of leases or tenancies of all or any part of the Property or grant options over all or any part of the Property, in such manner and for such term, with or without any payment, with such rights relating to the other parts of the Property, and generally upon such terms and conditions (including the payment of money) as the Receiver shall think fit in his absolute discretion;
- (x) to accept payment for any such sale, lease, licence or option in a lump sum or by instalments or in cash or by debentures, securities or any other valuable consideration as the Receiver shall think fit;
- (xi) to make any arrangement or to reach any agreement with regard to any claim which he or the Lender may think fit;
- (xii) to carry out all repairs, renewals and improvements to the Property as he shall think fit;
- (xiii) to bring or defend any proceedings in the name of the Borrower in relation to the Property as the Receiver shall think fit;
- (xiv) to appoint, employ or dismiss professional advisers, managers, officers, contractors and agents previously approved in writing by the Lender for any of the purposes set out in this Condition as the Receiver may think fit;
- (xv) to exercise on behalf of the Borrower all or any of the powers given to landlords or tenants (as the case may be) by the Landlord and Tenant Acts 1927 to 1988 in respect of the Property but without incurring any liability in respect of the powers so exercised;

- (xvi) to do all such other acts and things as may be considered by the Receiver to be incidental to or necessary for any of the powers contained in these Conditions or otherwise to preserve, improve or sell the Property; and
 - (g) the Receiver shall not be authorised to exercise any of the powers in the preceding Condition if and to the extent that the Lender shall in writing have excluded them, whether when appointing the Receiver or subsequently.
- 8.5 All the powers of the Receiver under these Conditions may be exercised by the Lender at any time after the Lender has demanded payment of the Debt or the Borrower is required to make such payment under the terms of any Loan Document whether as attorney of the Borrower or otherwise, and whether or not a Receiver has been appointed.

9. APPLICATION OF THE PROCEEDS OF THE PROPERTY

- 9.1 All money arising from the enforcement of the Charge shall be applied in the following order:
- (a) first in discharging all claims ranking in priority to the Charge;
 - (b) secondly in paying the fees and expenses of the Receiver and the Expenses;
 - (c) thirdly in paying all or part of the Debt in such order as the Lender may in its absolute discretion and from time to time determine;
 - (d) to the Borrower or any other person entitled thereto.
- 9.2 The Lender may at any time prior to the payment of the Debt place any monies received by the Lender under the Charge to the credit of a separate or suspense account for so long and in such manner as the Lender may decide before using such monies in accordance with Condition 9.1.
- 9.3 The Lender shall not be liable to the Borrower, whether as mortgagee in possession or otherwise, in respect of any monies which have not actually been received by the Lender.

10. POWER OF ATTORNEY

- 10.1 The Borrower by way of security irrevocably appoints the Lender and any Receiver and each of them severally to be his attorney (with full power to delegate their powers) for him and in his name and on his behalf and as his act and deed:
- (a) to execute as a deed and perfect all deeds, instruments, notices and documents; and
 - (b) to do anything which the Borrower may or ought, or has agreed to do under these Conditions; and

- (c) to exercise all or any of the powers, authorities and discretions conferred by these Conditions upon the Lender or any Receiver; and
- (d) to do anything which the Lender or any Receiver shall think fit for carrying out any sale, lease, charge or dealing by the Lender or any Receiver with all or any part of the Property.

- 10.2 The Borrower agrees with the Lender to ratify and confirm anything done by the Lender or the Receiver as his attorney when exercising or purportedly exercising the powers conferred in accordance with Condition 8.

11. PRIOR CHARGES

If there is any charge which ranks in priority to the Charge over all or any part of the Property, the Lender or any Receiver may repay the monies owed under that charge, or arrange for such charge to be transferred to the Lender or the Receiver, and the costs of so doing shall be an Expense.

12. THE EXPENSES

The Borrower shall pay any of the Expenses immediately upon the Lender requiring him to do so and until they are paid they will form part of the Debt. Interest will be paid upon them, and they will be secured under the Charge. This will be without prejudice to any other remedy, lien or security which the Lender may from time to time have for the payment of the Expenses.

13. CONTINUING SECURITY

- 13.1 The Charge shall (subject to the provisions of Condition 14) be a continuing security for the Debt until the Debt has been paid in full and the Lender has no further obligation to make any Loan to the Borrower.
- 13.2 The Charge shall not be ended by the death, incapacity or insolvency of the Borrower or by any payments to the Lender or settlement of any accounts or anything else.
- 13.3 The Charge shall be in addition and shall not either prejudice or be prejudiced by:
- (a) any other security, guarantee, remedy or lien, now or at any time while the Charge is in force, held by or available to the Lender;
 - (b) any invalidity of any such other security;
 - (c) the Lender at any time and from time to time releasing, varying or not enforcing any such other security; or
 - (d) the Lender at any time and from time to time giving time for payment to, or reaching any agreement with, or failing to enforce any rights it has against, any other person other than the Borrower who is liable to the Lender in respect of the Debt.

14. NEW ACCOUNTS

- 14.1 The Lender may on receiving notice that the Borrower has created a charge of any kind over or has transferred all or part of the Property close the Borrower's account and open a new account with the Lender.
- 14.2 Without prejudice to the Lender's right to combine accounts, no money credited to any such new account shall go towards or in any way discharge any amount due to the Lender on any such closed account.
- 14.3 Even if the Lender does not open such new account immediately upon receipt of such notice, it shall be treated as if it had done so at the time when it received such notice so that from that time, all payments made by the Borrower to the Lender shall be credited to such new account and shall not reduce the amount due from the Borrower to the Lender at the time when it received such notice.

15. WAIVER

- 15.1 If the Lender shall delay or omit to exercise any rights, powers or discretions that it has under these Conditions it shall not be deemed to have waived such right, power or discretion, and if it exercises any such right, power or discretion partially, it may still further exercise that right, power or discretion or any other rights, powers or discretions that it has.
- 15.2 The Lender may only waive any of its rights under the Charge in writing and such waiver may be subject to any conditions which the Lender thinks fit. Any such waiver will only apply to the precise circumstances for which it is given.
- 15.3 The Lender may from time to time allow time for the payment of any bills of exchange, promissory notes or other securities which have been discounted or received from the Borrower or upon which the Borrower is in any way liable without affecting the liability of the Borrower under the Charge.

16. NOTICES

- 16.1 Any notice or demand for payment by the Lender shall, without prejudice to any other method by which it may be made, be taken to have been properly made if:
- (a) served on the Borrower or the Occupier or on his personal representatives; or
 - (b) left or sent by post or facsimile transmission to the person to be served at:
 - (i) his usual and last known home;
 - (ii) his usual and last known business address; or
 - (iii) the Property;

and if sent by post or facsimile transmission, any notice or demand shall be assumed to have reached the person to whom it was addressed at noon on the day following the day that the letter was posted or sent by facsimile transmission.

- 16.2 In order to prove that a notice or demand has been served, the Lender need only prove that the notice or demand was properly addressed and posted or transmitted.
- 16.3 If either the Borrower or the Occupier has died, a notice or demand shall be assumed to have been properly served upon his personal representatives if it is sent to him as though he were still alive.

17. DISCLOSURE OF INFORMATION

The Borrower irrevocably authorises the Lender to pass on to:

- (a) any person to whom the Lender has delegated any of its functions under the Charge or these Conditions; or
- (b) any person to whom the Lender has transferred or intends to transfer any interest under the Charge and the advisers of such person;

such information in relation to the Borrower, the Debt or the Property as the Lender shall think fit.

18. JOINT AND SEVERAL LIABILITY

Any agreements, charges and undertakings given or implied by more than one person in the Charge or these Conditions shall be assumed to have been given jointly and severally by all such persons.