MORTGAGE CONDITIONS
(2014 VERSION)
LOUGHBOROUGH BUILDING SOCIETY

MORTGAGE CONDITIONS 2014

The paragraphs headed “Introduction” and “Membership Rights” below are included for information purposes only and do not form part of the Mortgage Conditions.

INTRODUCTION

This booklet sets out the conditions that you accept when you sign your mortgage deed. It should be read in conjunction with your mortgage offer.

If you have any queries about these conditions, please ask us or your solicitor or conveyancer.

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

MEMBERSHIP RIGHTS

When you complete a mortgage loan, you automatically become a member of the Society and you will be bound by the Society’s Rules.

If there is more than one of you, the first named applicant in the mortgage application form will have 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 writing to us. The change will take effect when the Society’s records are changed (and we will try to make the change as soon as practical after you notify us.).

The name provided in the mortgage application form must be in the same form as on any other account held with the Society to ensure that we do not provide duplicate mailings to you. Any previous error or discrepancy should 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 20.
MORTGAGE CONDITIONS 2014

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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE
1. About these Conditions

These Conditions, when read with your Mortgage Offer, set out the terms that govern your Mortgage.

2. Meanings of particular words and phrases

2.1 In these Conditions, some words and phrases have particular meanings. These words and phrases appear in bold print and start with a capital letter and their meanings are set out below.

Borrower means the person or persons named as the borrower in the Mortgage Deed and includes their personal representatives. If two or more people are the Borrower, then Borrower means all of them together and each one of them separately.

Completion Date means the date on which we release funds for the Loan; that is to say, the day we post a cheque, or make an electronic transfer of money, to you or your solicitor or conveyancer, or to any other person on your behalf.

Conditions mean these mortgage conditions and a Condition means any one of them.

Costs mean all costs and expenses we incur, as set out in Condition 12.8.

Fee means any fee we charge under Condition 12.1.

Guarantor is any person who has agreed to guarantee your obligations under the Mortgage, and includes the Guarantor’s personal representatives.

Interest means interest at the rate that applies to your Mortgage as specified in the Mortgage Offer. The rate of Interest may vary from time to time in accordance with Condition 7.

Life Policy means an endowment policy or other life assurance policy.

LPA means the Law of Property Act 1925.
Loan means any money which we lend to you under the Mortgage Deed. It includes further loans made after the date of the original loan. It does not include any loan which is a regulated agreement as defined by the Consumer Credit Act 1974. In releasing any Loan money to you, we do not guarantee that either the price or condition of the Property is reasonable. You must satisfy yourself on these points.

Month means a calendar month.

Monthly Payment means the amount which you must pay each Month on the Payment Day. Your initial Monthly Payment will be shown on your Mortgage Offer, but we may change the Monthly Payment in accordance with Condition 5.3.

Mortgage means the entire legal agreement under which we agree to make a Loan to you and includes the Mortgage Deed, these Conditions, and your Mortgage Offer. If we have agreed to make more than one Loan to you, the Mortgage includes the terms and conditions of each Mortgage Offer.

Mortgage Deed means any deed of legal charge that you sign and which says that these Conditions are incorporated in it.

Mortgage Offer means our written offer of a Loan to you, including any terms and conditions referred to in it. Your Mortgage Offer may consist of more than one document.

Mortgage Term means the period of time during which you agree to repay the Loan to us as specified in your Mortgage Offer.

Other Rights means:-

(1) any rights to which you may become entitled in respect of the Property, including:-

(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, or tenants’ or residents’ association;

(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;

(e) any policy providing insurance against title defects or adverse rights; 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 or any money from the insurance which is dealt with in **Condition 10**.

**Payment Day** means the day in each **Month** your **Monthly Payment** is due to be paid. We will notify you of the **Payment Day** if it is not specified in the **Mortgage Offer**.

**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 also means any other person owning a **Life Policy** that is to be used in connection with the **Mortgage**, and anyone who takes over a **Life Policy** and who is not the original **Policy Owner**.

**Property** means all the **Property** (or 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**).

**Rules** mean the rules of the Society in force from time to time.

**Tariff** means a list of fees and charges that apply to your **Mortgage**.
Total Debt means the total amount you owe us under the Mortgage. It includes all Loans, Interest, Costs and Fees.

2.2 In these Conditions:

2.2.1 “We”, “us”, “our” and “the Society” refer to Loughborough Building Society, and anyone who takes over the Mortgage from us.

2.2.2 “You” and “your” refer to the Borrower and anyone who takes over your responsibilities for the payment of the Mortgage. If there is more than one Borrower then all these Conditions apply equally to all of you and separately to each of you. It is important to note that this means each of you is responsible on your own for the whole of the Total Debt, and not just a part or proportion of it.

2.2.3 Any references to Acts of Parliament include any changes made to them.

2.2.4 If you have more than one Loan, references to the Loan are references to each Loan considered separately and references to Monthly Payments, the Mortgage Term and the Payment Date mean the Monthly Payments, Mortgage Term and Payment Date which apply to the Loan in question, if they are different.

2.2.5 If there is any inconsistency between these Conditions and the Mortgage Offer, the terms of the Mortgage Offer will apply.

2.2.6 The headings in these Conditions are not to be taken into account in interpreting them.

2.2.7 Please see Condition 21.5 as to the meaning of ‘personal notice’

3. Membership

3.1 You will automatically become a borrowing member of the Society when the Mortgage is completed and you will be bound by the Rules.

3.2 If we transfer the Mortgage under Condition 20 and you cease to be a member, the Rules will cease to apply in respect of the Mortgage.
4. The security

4.1 The security created by the Mortgage Deed is security for the Total Debt and will not be released until the Total Debt has been repaid in full.

4.2 If there are any other mortgages or charges affecting the Property apart from ours, then, unless we have priority over them or we have agreed in writing to them remaining in place, we may pay them off on your behalf. You must repay to us any amounts we pay when we call on you to make payment. Interest on these amounts will be charged from the date we call for payment until you pay us.

5. Repayment

5.1 You must repay the Total Debt by the end of the Mortgage Term.

5.2 You must make Monthly Payments. If your Loan is a repayment loan, the Monthly Payment will be calculated so as to pay off the Loan and interest and all other amounts you owe us under these Conditions by the end of the Mortgage Term. If your Loan is an interest-only loan, the Monthly Payment will only cover interest, and all other amounts you owe us under the Mortgage (including the Loan itself and any Fees and Costs that are added to the Total Debt) must be paid separately by the end of the Mortgage Term. Your Mortgage Offer will tell you whether your Loan is repayment or interest-only. It may be that one part of the Loan is on a repayment basis and the other part is on an interest-only basis.

5.3 Monthly Payments may be adjusted up or down to take account of changes in the rate of Interest, the amount of the Total Debt or the Mortgage Term, any other changes to the terms of the Mortgage (including any change in the repayment method) that we may agree to or the ending of any particular feature of the Mortgage (such as a fixed or discounted interest rate).

5.4 The Monthly Payment may be rounded up to the nearest pound.
5.5 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. We reserve the right (but are not obliged) at any time during the life of your Mortgage to convert your interest-only mortgage (or the relevant part of it) to a repayment mortgage if:

5.5.1 you do not keep up your payments under the Mortgage or any Life Policy or other repayment strategy that was intended to be used to pay off the Mortgage; or

5.5.2 we have reasonable grounds to believe that you may not be able to pay off the Mortgage at the end of the Term; or

5.5.3 you fail to comply, in any significant respect, with any of the other Conditions of your Mortgage and do not put right the failure within a reasonable time after we have given you notice requiring you to do so.

5.6 It is your responsibility to check that any repayment strategy is or will be adequate to redeem your Mortgage at the end of the Mortgage Term. You should also ensure that you have sufficient life insurance cover to repay the Mortgage in the event of your death. Interest will continue to be charged until the Total Debt is repaid.

5.7 We will use any payments you make to us under the Mortgage in the following way. First, we will use them towards payment of any arrears of Monthly Payments. Any balance will be used towards payment of any Interest you owe and any outstanding Costs or Fees, in such order as we may decide. Any remaining balance after that will be used to reduce the principal amount of the Loan.

6. Interest

6.1 You must pay Interest on the Loan. For Loans taken out on or before 6 September 1998, Interest will be calculated on an annual basis. For Loans taken out on or after 7 September 1998, Interest will be calculated on a daily basis, and is payable as part of the Monthly Payments. However, each Monthly Payment will be calculated on the basis of one-twelfth of a year, and not on the basis of the exact number of days in the particular Month.

6.2 Interest for the period from the Completion Date of any Loan 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 Loan.
6.3 For daily Interest accounts, Interest is calculated daily on the amount of your Loan. In the first month of your Loan we calculate Interest from the day we send your Loan money to the end of that month. Thereafter on the 1st of each month we will calculate a full month’s Interest on the amount owing at the start of the month.

Any Interest due in any month which is not paid by the last day of that month will itself attract Interest. Interest will be charged on the outstanding Loan amount on the last day of each month and will form part of the new Interest balance on the first of the month.

The daily Interest calculation will be beneficial to you if you make your Monthly Payment on time. If your Monthly Payment is late, remains unpaid or is made for an amount less than the Monthly Payment, Interest will be charged on the full amount outstanding. Monthly Payments made on the 1st of the month will receive maximum credit Interest. You may alter the payment date on your loan to the 1st of the month at any time during the term of the Mortgage.

6.4 For annual Interest accounts, Interest is calculated annually on the amount of your Loan. At the 31st October (Society financial year end) Interest will be charged on the outstanding Loan and becomes the balance on which Interest is charged for the following financial year.

Any Interest due in any month which is not paid by the last day of that month will itself attract Interest.

If your Monthly Payment is late, remains unpaid or is made for an amount less than the Monthly Payment, Interest will be charged on the full amount outstanding.

6.5 Interest will also be charged on Costs and Fees in accordance with Condition 12.

6.6 In calculating Interest, percentages will not be taken beyond three decimal places.

6.7 Interest will continue to be charged even if we get a court order against you for payment of some or all of the Total Debt.

7. Variation of the rate of Interest

7.1 Unless stated otherwise in the Mortgage Offer, we can change the Interest rate from time to time as set out in the following Conditions.
7.2 We will give you personal notice to tell you about a change, and to notify you of your revised Monthly Payment. If the change is an increase, this will be in reasonable time before it takes effect.

7.3 The Interest rate can be reduced without notice, but we will inform you at the earliest opportunity.

7.4 We can change the rate of Interest for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):

7.4.1 to respond to changes in the Bank of England base rate, or mortgage or investment rates generally;

7.4.2 to respond to changes in the law or the decisions of a court or ombudsman;

7.4.3 to meet relevant regulatory requirements;

7.4.4 to respond to new (or changes to) statements or codes of practice designed to enhance consumer protection;

7.4.5 to respond to changes in the costs incurred by us in providing the Mortgage; (such as our funding or administration costs, or regulatory or compensation scheme levies and charges);

7.4.6 to respond to any increased cost or risk incurred by us as a result of any change of use of the Property or its occupation (for example, if the Property is let); or

7.4.7 to enable us to maintain our financial strength, in a reasonable and prudent manner, for the benefit of all our members; or

7.4.8 for any other reason set out specifically in the Mortgage Offer.

7.5 Any change that we make to the rate of Interest will be proportionate to the circumstances giving rise to the change.

8 Rights relating to the Property and powers of attorney

8.1 By signing and completing the Mortgage Deed you transfer to us as part of our security over the Property the benefit of any and all Other Rights.
8.2 If you receive any money arising from Other Rights, you must hold it on our behalf.

8.3 Our rights under Conditions 8.1 and 8.2 will last while the Mortgage is in existence.

8.4 By signing and completing the Mortgage Deed, you give us a power of attorney (that is, a power to act on your behalf) to recover any money due in respect of Other Rights, including taking any necessary legal action.

8.5 You also give us a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these Conditions and also to transfer any shares you may hold in any tenants’ or residents’ association or management company in connection with the Property if we sell the Property under Condition 14.

8.6 The powers of attorney in Conditions 8.4 and 8.5 are given to us as security for the Total Debt and cannot be withdrawn by you. They will, however, come to an end when the Mortgage comes to an end.

8.7 We will not use the powers of attorney unless one of the events mentioned in Condition 13 have occurred and we have told you that our right to use the power has arisen.

8.8 If the Property is held on a lease, and you want to extend the lease or buy the freehold of the Property or the building which includes the Property, then you must tell us. Our security under the Mortgage Deed automatically covers any extended lease or freehold interest from the time of the extension or acquisition. You must sign any additional documentation that we may reasonably require to confirm this.

9 Your obligations

9.1 Until the Mortgage has come to an end you must do the following:-

9.1.1 comply with all the terms and conditions of the Mortgage;

9.1.2 look after the Property and keep it in good condition;

9.1.3 properly finish (without delay) any building work on the Property;

9.1.4 pay all rents, rates and other charges payable in respect of the Property when due;

9.1.5 comply with all legal restrictions, obligations and conditions affecting the Property;
9.1.6 comply with all planning, housing and environmental laws and the requirements of local and other authorities;

9.1.7 send us within seven days a copy of any notice received from a local authority or other third party (such as a landlord) that might be important in respect of the Property;

9.1.8 allow our representatives access to the Property to check on its condition and use, so long as we give you reasonable notice and specify a reasonable time;

9.1.9 allow us to hold any deeds or documents relating to the Property if we so require;

9.1.10 sign and execute all documents and do all other things that we may reasonably require to ensure that the security granted to us by the Mortgage Deed is in full force and effect; and

9.1.11 If we reasonably so require, to grant to us (or to any person to whom we sell or intend to sell the Property in exercise of our power of sale) any rights of access, light or other amenities over any land owned by you neighbouring the Property, if they are reasonably necessary for the use of the Property.

9.2 Until the Mortgage has come to an end you must NOT do any of the following in relation to the Property unless we have agreed in writing that you can:-

9.2.1 apply for any improvement or other grant;

9.2.2 change its structure, demolish it or change its use;

9.2.3 sell, transfer or otherwise dispose of it;

9.2.4 create any letting, lease or licence, or terminate or change any lease (and any statutory right you may otherwise have to do this will not apply);

9.2.5 create (or allow to exist) any mortgage or charge other than this one;

9.2.6 create any circumstances (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.

9.3 We will not unreasonably refuse a request from you to do something under Condition 9.2 (apart from 9.2.6), but we may require a Fee or additional interest to be paid as a condition of giving our consent.
The amount of any Fee may be set out in the Tariff. If it is not, we will set the Fee or additional interest at a reasonable amount in the light of the circumstances in question.

10 Insurance

10.1 The Property must be adequately insured at all times. The insurance must cover loss or damage by fire and such other risks as we may reasonably require. The amount of the insurance cover must be initially at least the amount required in the Mortgage Offer.

10.2 Unless we have agreed to arrange the insurance, you must arrange it yourself. If you fail to do so, or if your insurance is not approved by us under Condition 10.4, then we may (but we are not obliged to) arrange the insurance.

10.3 If we arrange the insurance, we will use an insurance broker or insurance company of our choice and this may be one of our associated companies. We will not have to pay on to you any commission we earn for arranging the insurance. We may change the broker or insurer from time to time. You must pay (or reimburse us for the cost of) the premiums.

10.4 If you arrange the insurance, then the insurance company and the terms of the policy must be approved by us. We will not unreasonably refuse our approval, but we may charge you a Fee for checking the policy. The amount of the Fee is set out in our Tariff and may be changed in accordance with Condition 12.5. You must pay the premiums when due and provide us with evidence that you have paid the premiums, as and when we reasonably request it. However, we are not under any obligation to you to check that your policy is in force.

10.5 We are not under any obligation to you to check the adequacy of the insurance. It is your responsibility to make sure that the insurance is adequate at all times. The amount of the insurance cover must be increased as necessary so as to ensure that this is the case.

10.6 If there is a possible claim on the insurance then you must make a claim. We may take control of the claim and (acting reasonably) agree settlement with the insurance company. The power of attorney you give us in Condition 8.5 covers this.

10.7 If the Property is leasehold and insured by the landlord you must, on request, show us such documentation relating to the policy as we may reasonably require. The insurance company and the terms of the policy must be approved by us, but we will not unreasonably refuse approval.
10.8 You have the right to choose whether any money received by you or us from any insurance in respect of the Property is used in making good the damage or loss that was the reason for the claim or in or towards payment of the Total Debt, unless the Property cannot lawfully be repaired or the Total Debt has become payable under Condition 13. In those cases, the money must be applied in or towards payment of the Total Debt unless we agree otherwise.

10.9 You must not do or allow anything to be done that might make the insurance invalid.

10.10 You must not, without our written consent, put in place any buildings insurance in respect of the Property, other than the insurance required by this Condition 10. We will not unreasonably refuse our consent.

10.11 Any money received by you from any insurance relating to the Property must be held on our behalf unless and until it is used as required by Condition 10.8.

11. Our Power to Remedy

11.1 If you do not carry out any of your obligations under the Mortgage, we may (but we do not have to) carry them out. For this purpose we may have reasonable access to the Property. If we have access this does not mean we have taken possession of the Property.

11.2 If we incur any Costs as a result of our acting under Condition 11.1, you must reimburse us as soon as we ask you to. If you do not, the amount of the Costs will be added to the Total Debt and Interest will be charged on it as set out in Condition 12.10.

12. Fees and Costs

12.1 We may charge Fees in relation to the operation of your account and for providing any service in connection with the Mortgage.

12.2 Fees specific to your Mortgage are set out in your Mortgage Offer.

12.3 Details of our other standard Fees are set out in our Tariff. We will send you a copy of our current Tariff at least once a year, but you can obtain a copy of this at any time by contacting us or looking at our website.
12.4 We will notify you of any **Fees** charged and how **Interest** may be charged on these **Fees**. If a **Fee** is interest bearing, interest will be charged from the day the **Fee** is debited to your account until the date it is repaid. You may pay the fees when they are incurred to avoid interest being charged.

12.5 We can (unless otherwise stated in the **Mortgage Offer**) 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**, and may be made if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):

12.5.1 to respond to changes in the costs (including tax) we incur in providing the service, or carrying out the function, to which the fee relates;

12.5.2 to meet relevant regulatory requirements;

12.5.3 to respond to new (or changes to) any statements or codes of practice designed to enhance consumer protection.

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

12.6 Where we introduce new fees, or increase existing **Fees**, we will tell you about the change, not less than 30 days before it takes effect, as follows:

12.6.1 by personal notice or;

12.6.2 by sending you a copy of our revised **Tariff**.

12.7 A change which abolishes a **Fee**, or reduces the amount of an existing **Fee**, may be introduced with immediate effect and without notice.

12.8 You must also reimburse us for all reasonable expenses that we, or any receiver appointed by us, may incur. These **Costs** may arise if:

12.8.1 you fail to do what you have promised to do under these **Conditions**;

12.8.2 we exercise any of the rights we have under these **Conditions** or by law;

12.8.3 if we take any action to safeguard our security; or

12.8.4 under **Conditions** 10.3, 11.2 or 15.1.
Costs may include a reasonable amount in respect of our internal administrative expenses. They may also include legal costs of a reasonable amount which we have reasonably incurred.

12.9 Where it is possible to estimate the expenses we are likely to incur in particular situations, the amount of the Costs will be set out in our Tariff. When they are set out in the Tariff they may be changed for any of the reasons set out in Condition 12.5.

12.10 We will notify you of any Costs incurred. Interest will be charged on any Costs not paid from the day the costs are debited to your account until the date they are repaid. You may pay the costs when they are incurred to avoid interest being charged.

13 Events on which the Total Debt becomes payable

13.1 If you die before the end of the term (or if you took out the mortgage as joint borrowers, both or all die), or if any of the events set out in Condition 13.2 happen, we may require you to pay the Total Debt immediately, in which case you must do so.

13.2 The events mentioned in Condition 13.1 are:-

13.2.1 you do not pay when due, and still owe us, an amount equal to two Monthly Payments or more;

13.2.2 you break any other term of the Mortgage and fail to put it right within the period specified in the written notice asking you to do so;

13.2.3 the Property is destroyed or demolished without our consent;

13.2.4 you become bankrupt or unable to pay your debts;

13.2.5 any Guarantor dies, becomes bankrupt or becomes unable to pay their debts, unless there is a replacement Guarantor which is acceptable to us;

13.2.6 the Property becomes subject to a compulsory purchase order, or it is acquired or requisitioned by any authority legally entitled to do so;

13.2.7 you abandon the Property;
13.2.8 any security for the Mortgage becomes unenforceable; or

13.2.9 you have been guilty of any fraud or have dishonestly provided us with misleading information in relation to the Mortgage.

14 Our remedies

14.1 The statutory powers that we have as a mortgage lender under the LPA will come into force the day after the Mortgage. For the purposes of these powers, the Total Debt will be treated as due then.

14.2 When the Total Debt becomes immediately due and payable under Condition 13 we may exercise the powers given to mortgagees by the LPA free from any of the restrictions contained in Section 103 of the LPA. In particular, we may do one or more of the following:-

14.2.1 take possession of the Property and require you to leave it;

14.2.2 appoint a receiver (who may be a person employed by us) or exercise any power given to a receiver under Condition 14.4 below;

14.2.3 sell the Property by any method we reasonably consider appropriate (including selling in parts), taking into account the nature of the Property and its condition at the time of sale or disposal;

14.2.4 let the Property, furnished or unfurnished, at such a rent and on such terms as we reasonably think fit;

14.2.5 repair, alter or improve the Property as we reasonably think fit, either to preserve the Property or our security.

14.3 No purchaser or other person dealing with us or any receiver need enquire whether the Total Debt has become immediately due and payable or whether any power has become exercisable, or to check on the use made of any money paid to us or to any receiver.

14.4 A receiver:-

14.4.1 will be entitled to be paid reasonable fees or commission, and will be appointed by us on such other terms as are reasonable in the circumstances;
14.4.2 will be your agent (and you will be responsible for the receiver’s acts and
omissions), except if the receiver is our employee; and

14.4.3 will be entitled, in addition to the receiver’s statutory powers, to collect and receive
any rents from the Property, and to exercise any power (including selling the Property)
which we would be able to exercise under the Mortgage.

14.5 If we sell the Property and the amount we obtain for it (after deducting all our expenses)
is insufficient to repay the Total Debt, you agree, independently of any other Conditions,
to pay us the shortfall with Interest calculated in the manner set out in Condition 6.

15 Redemption

15.1 Subject to Condition 15.2, you may redeem the Mortgage at any time by repaying the
Total Debt (together with Interest up to the date of repayment and including any Fees
and Costs) and any early repayment charges specified in the Mortgage Offer. You must
also pay us any Costs that we have to pay any third party (such as the Land Registry) in
connection with the redemption.

15.2 We may require you to repay all other mortgages you have with us before we release the
security given to us by the Mortgage. Section 93 of the LPA will not apply.

16 Mistakes

If we release the Mortgage in error (because, for example, we miscalculate the amount
of the Total Debt) we may claim from you any amount still owing. However, we will not
be entitled to do this if we do not give you notice in writing within three months of the date
of release (unless you or any Guarantor was aware of the mistake at the time of the
release), or if you can show that you have changed your financial position to your
disadvantage, as a result of the error, at a time when you were not aware of it.

17 Furniture, etc.

If we take possession of the Property or appoint a receiver of it, we may remove, store
and/or sell any furniture, personal items or animals in it. We will notify you before we do
this. You will be responsible for any Costs we reasonably incur.
We will account to you for any sale proceeds we receive (after deducting our reasonable expenses), but otherwise we will not be responsible for any loss caused to you, providing we take such care as is reasonable in the circumstances. This power does not give us any interest in, or charge over, furniture, personal items or animals.

18 Life Policies

18.1 This Condition applies to every Life Policy that may be used from time to time to secure obligations under the Mortgage. Your Mortgage Offer will indicate whether a Life Policy is required and whether we require an assignment or a deposit of the policy with us. In the event that you do not for any reason keep up any Life Policy taken out in relation to an interest-only mortgage, we reserve the right (but are not under any obligation) to convert your Mortgage to a repayment mortgage. (Please see Condition 5.2 for meanings of interest-only and repayment mortgages.)

18.2 If we require a Life Policy as security and we do not have an assignment of it, the policy will be treated as deposited with us and we will have an interest in it known as an equitable charge. 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.

18.3 The Policy Owner agrees and confirms as follows:-

18.3.1 to assign the Life Policy to us (if we so require);

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

18.3.3 to produce to us (if we ask) receipts for payments of premiums;

18.3.4 not to do anything or permit anything to be done which would make the Life Policy invalid;

18.3.5 not to give or attempt to give to any other person any interest in the policy or proceeds of the Life Policy; and

18.3.6 to do everything necessary to keep the Life Policy 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 in 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.

18.4 If you are not the Policy Holder you must ensure that the Policy Holder carries out his/her obligations under Condition 18.3.

18.5 If there is any failure by the Policy Owner to comply with Condition 18.3 or if we are able to exercise our power of sale in respect of the Property we may also do any of the following (so far as applicable, depending on the type of Life Policy concerned):-

18.5.1 surrender the Life Policy to the insurers;

18.5.2 exchange it for a fully paid Life Policy;

18.5.3 make such other arrangements as we may reasonably think fit for realising the value of the Life Policy;

18.5.4 arrange for the sale of the Life Policy;

18.5.5 make such other arrangements with the insurer as we reasonably decide.

18.6 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.

18.7 If the Total Debt is repaid we will, if requested, (and subject to Condition 18.8 release 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.

18.8 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 by a new mortgage. In this case the conditions that will govern that mortgage will then apply.

18.9 The Policy Owner (when this is not you) agrees not to compete with us in claiming the Life Policy or any money payable on it until the Total Debt has been repaid in full.
18.10 The Policy Owner confirms and agrees that no money has been or will be borrowed from the insurer by the Borrower or the Policy Owner, and that no money has been or will be borrowed from any source by the Borrower or the Policy Owner or any other person under any option or privilege conferred by or in connection with the Life Policy.

18.11 We will be entitled to keep any commission we receive from the sale of the Life Policy.

19 Guarantors

19.1 Your Mortgage Offer may require you to provide a Guarantor for your Mortgage. By signing the Mortgage Deed, the Guarantor agrees to pay your Total Debt if you fail to do so and agrees to this Condition 19.

BY GIVING A GUARANTEE, THE GUARANTOR MAY BECOME LIABLE INSTEAD OF, OR AS WELL AS, YOU. A GUARANTOR SHOULD TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING THE MORTGAGE DEED.

19.2 If there is a Guarantor, then the following provisions apply:-

19.2.1 The Guarantor agrees with the Society to be equally as responsible as you for all your obligations to us under the Mortgage, and to pay us on demand any sums of money due from you under the Mortgage but unpaid, including all amounts comprising the Total Debt.

19.2.2 Any arrangements that we make with you will not affect the obligations of the Guarantor to pay your Total Debt if you fail to do so. In particular, the liability of the Guarantor will not be affected whether or not:-

19.2.2.1 we have made a previous demand, or the Guarantor has made a previous payment;

19.2.2.2 we allow you or the Guarantor additional time to make any payment or any other concession;

19.2.2.3 we take any other security in relation to the Total Debt, or any such security is not enforceable for any reason;

19.2.2.4 you (or any of you) or any person comprising the Guarantor dies, becomes insolvent or incapable of managing their affairs; or
19.2.5 anything else happens, or any action is taken or not taken, which might (apart from this Condition) affect the liability of the Guarantor.

19.2.3 The Guarantor does not have any rights or interests in any money held by us or acquired by us, whether from you or any other source, towards the reduction of the Total Debt.

19.2.4 The Guarantor agrees:-

19.2.4.1 not to share in any security we have or take any security from you or any other person in connection with this guarantee;

19.2.4.2 not to enforce any right or pursue any claim against the Borrower or any other persons in respect of the Mortgage; and

19.2.4.3 not to make any claim which would compete with ours, unless and until the Total Debt has been repaid in full.

19.2.5 The Guarantor will not be responsible for any Loan other than the original Loan or Interest relating to any additional Loan unless the Guarantor has consented to that additional Loan in writing.

19.2.6 Unless the Guarantor agrees otherwise, the Guarantor's liability is limited to the amount of the original Loan together with all Interest, Costs and Fees forming part of the Total Debt which relate to that Loan.

19.2.7 If there is more than one Guarantor, each Guarantor is separately responsible for the whole of the obligations and liabilities of the Guarantor under the Conditions.

19.2.8 Our rights against any Guarantor are independent of, and additional to, any other security we have for the Total Debt. We do not have to use our rights in respect of any other security before using our rights to claim against the Guarantor.

19.2.9 No failure or delay by us in using any of our rights against the Guarantor will prevent us from using those rights in the future.

19.2.10 We may hold any money we receive from a Guarantor in a separate suspense account.

19.2.11 You consent to our providing information about the Mortgage to the Guarantor.
20 Transfer of the Mortgage

20.1 We may at any time transfer some or all of our rights under the Mortgage and/or a Loan (including our rights against any Guarantor) to any person, whether or not a building society. However, we will only transfer our rights if we reasonably think that the policies operated by that person in connection with the Mortgage are not less favourable to you, to any material extent, than the policies we were following before the transfer.

20.2 In connection with such a transfer:-

20.2.1 if it is a full transfer of your Mortgage, you will cease to be a member of the Society in respect of the Mortgage, and our Rules will cease to apply (although if the transferee is a building society, you may become a member of the transferee, in which case its rules will apply);

20.2.2 we may disclose any information relating to you and the Mortgage; and

20.2.3 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.

20.3 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 under the Building Societies Act 1986. Instead, the provisions of that Act will apply.

21 Notices

21.1 If we have to serve on you a letter or other document, (or subject to Condition 21.5, another form of personal notice) under this Mortgage it will be in writing and sent to your registered address or other last known address.

21.2 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 20.2.1), 48 hours after we have posted it regardless of the class of post used.

21.3 If there is more than one of you, then if you share the same address, we will send a single copy of the notice addressed to each of you. If you have different addresses, we will send a copy of the notice to each address.
21.4 If we, accidentally, fail to:

21.4.1 send to you a communication intended for our borrowers generally or a category of our borrowers of which you are one; or

21.4.2 display a notice at our Principal Office or any branch office this will not make the notice invalid.

21.5 In Conditions 7.2, 12.6 and 24, a reference to “personal notice” means a letter or (if you have agreed with us that we are to contact you in this way) email or other forms of electronic communication. If a personal notice does not reach you because of circumstances outside of our reasonable control (such as post or electronic communications systems failure), this will not prevent the changes referred to in those Conditions from being put into effect.

22 General

22.1 If we decide to relax any of the terms of the Mortgage, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.

22.2 If we cannot enforce any term of the Mortgage, this will not stop us from enforcing the others. Each term is separate from the others.

23 Which law applies

The Mortgage is governed by the law of England and Wales.

24 Changes to these Conditions

We may change the terms and conditions applying to your Mortgage if we give you not less than one month’s personal notice, as long as the change does not work to your disadvantage. We will only make such a change to reflect the requirements of any regulation, to clarify any existing term or condition or make it fairer, or to enable us to enhance the terms of your Mortgage or correct any errors.
Contact Details:

Address
Loughborough Building Society
6 High Street
Loughborough
Leicestershire LE11 2QB

Telephone: 01509 610707

Website: www.theloughborough.co.uk

The Loughborough Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number: 157258