Regulated Bridging Mortgage Conditions

England and Wales

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Contents

AS A LAST RESORT, YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP WITH PAYMENTS

Part A:

1. How these Conditions work

Defined Terms

1.1. The documents we share with you often use words or phrases which have special meanings. You will know if a word or phrase has a special meaning if it is capitalised. If that's the case, you can find the relevant definition either in **Condition 1.12** or where the word or phrase first appears in this document (in which case the word or phrase will appear **in bold**).

1.2. Once a word or phrase is defined, that meaning applies every time you see it in this document.

Content

1.3. These Conditions are split into two parts:

a) Part A; and

b) Part B.

1.4. Part A explains how your Mortgage works, and you should read it carefully before you sign your Mortgage Deed. Part A also explains:

a) how these Conditions work;

b) certain terms we use across different documents we have sent you;

c) what you are agreeing to do and not to do when you sign the Mortgage Offer and Mortgage Deed; and

d) what our rights and obligations are under the Mortgage.

1.5. Your legal adviser (if you have one) or mortgage broker should advise you about what you are agreeing to when you sign the Mortgage Deed. If you have any questions or concerns, you should ask them about it.

1.6. Part B sets out some additional Conditions but it also tells you important things about how we are regulated, who you can complain to if you are unhappy about the way you have been treated and how you can contact us.

1.7. If you have any questions about any part of this booklet, please get in touch using the contact details in **Condition 18**, and we'll be happy to help you.

Our agreement

1.8. These Conditions are an important legal document which makes up part of our agreement with you, which we refer to in these Conditions as the **Mortgage**. Our agreement is also made up of:

a) the **Mortgage Offer**;

> Your **Mortgage Offer** is a document we have sent you which encloses all of the information that is specific to your Mortgage, and tells you how long you have to accept it. If your Mortgage Offer or ESIS says something different to other documents that form part of our agreement, the Mortgage Offer has priority.

b) The **ESIS**

> The **ESIS (European Standardised Information Sheet)** is a document we are required to give you by law. It contains all of the information specific to your mortgage, such as how much we're lending you, the interest rate which applies, how you will pay back the mortgage, and any conditions which are specific to your mortgage.

1. How these Conditions work (Continued)

c) the **Mortgage Deed**;

The **Mortgage Deed** is a document you must sign which creates a legal charge over your Property – this is our security for the money you owe us now or in the future, whether in respect of the Mortgage or otherwise.

This means that in certain circumstances and as a last resort (see **Condition 8**), if you don't keep up with your obligations under our agreement, we can sell your Property to repay all the money you owe us. We will try to work with you to the extent that we can, to prevent this.

We will not release our charge over the Property until the Secured Amount has been repaid in full.

Secured Amount means the Balance and any and all other money you owe us now or in the future, whether under the Mortgage or otherwise, and whether we are trading as CHL Mortgages or any other trading name.

d) **Tariff of Mortgage Charges**; and

The Tariff of Mortgage Charges (or **Tariff**) sets out our standard charges and costs that you may have to pay during the life of your Mortgage.

We can change this from time to time and will let you know if we do. You can find an up-to-date Tariff on our website or enclosed with your annual statement.

e) any other document entered into in connection with this Mortgage. For example, any declarations or additional security documents we ask you or a third party to enter into in connection with this Mortgage. We might also ask someone else to provide a **Guarantee** to us.

A **Guarantee** is a promise by a person or corporate entity, known as the **Guarantor**, to pay your debt if you do not pay it yourself.

A **Guarantor** is any person or corporate entity who has agreed to guarantee all or part of your obligations under the Mortgage, and includes the Guarantor's personal representatives if the Guarantor should die. A Guarantor may need to provide additional security.

1.9. Section 93 of the Law of Property Act 1925 does not apply to this Mortgage. This means that if you want to repay us all the money you owe us, we can ask you to pay any money you owe us on any other accounts with us (unless the money is owed under an agreement regulated by the Consumer Credit Act 1974 which does not refer to the Mortgage Deed as security). We will only ask you for this if we reasonably believe that if we don't ask this, security for the other money you owe us might be insufficient.

1.10. Our agreement lasts until you have paid us everything you owe us, and we no longer have a legal charge over your Property.

1.11. Your Mortgage Offer will state what type of Mortgage you have. Please be aware that certain Conditions apply only to certain types of mortgages (this will be made clear in the relevant Condition).

Definitions

1.12. Unless otherwise stated, in these Conditions:

a) **Arrears** means any money (except for money which is Expenses or Standard Fees), which remains unpaid after it's due for payment.

b) **Balance** means the amount you owe us at any time under your Mortgage, including any unpaid interest, Expenses or fees that we have allowed you to add to the Loan.

c) **Business day** means any day from Monday to Friday, except bank and public holidays in England and Wales.

d) **Conditions** means these terms and conditions. Depending on context, it may refer to the entire document or specific conditions in this document.

1. How these Conditions work (Continued)

e) **Expenses** means any costs, charges and "other fees" (as set out in the Tariff which we treat as an Expense) or other expenses (including professional fees, disbursements and relevant taxes) which you owe to us or any Receiver in connection with your Mortgage or the Property.

f) **Further Advance** is an extra amount of money that we may agree to lend you after your Mortgage has already been set up. We are not required to agree to any Further Advances.

g) **Interest Rate** means the interest rate shown in the Mortgage Offer and any changed rate that may apply in accordance with **Condition 4**.

h) **Loan** means the sum we have agreed to lend you as set out in the Mortgage Offer and also includes the interest added under **Condition 4** and any Further Advances we make to you.

i) **LPA** means the Law of Property Act 1925 (or any changes to this legislation or new legislation that replaces it)

j) **Monthly Payment** means the payment shown in the Mortgage Offer, and any changed payment which may apply in accordance with **Condition 3**, which you must make to us each month. Depending on your type of Mortgage (see **Condition 3.2**), your Monthly Payment may be made up of interest, a proportion of the money we lent you and any product fee (as defined in the Tariff) that we have allowed you to add to the Loan. If applicable to your type of Mortgage, we will allocate your payments to the interest element of your Monthly Payment before any principal or fee element.

k) **Mortgage** means our agreement with you, which is made up of several different documents, as explained in **Condition 1.8**.

l) **Payment Date** means the day we tell you that you must make your monthly payment (unless we agree a different day with you in writing). When the payment date falls on a non-Business Day , the monthly repayment will be due on the next Business Day and where the payment date falls on the 29th, 30th or 31st day of the month and that month doesn't have that many days, the monthly repayment will be due on the last Business Day in that month.

Examples:

1) Let's say your Payment Date is the 30th of each month, but 30th March is a Sunday. Because your payment date falls on a non-Business Day, your payment will instead be due on Monday 31st March, the next Business Day.

2) Let's say your Payment Date is the 31st of each month. April only has 30 days, and the 30th of April is a Monday. Because 31st April does not exist, your payment will be due on 30th April, which is the last Business Day of that month.

m) **Property** means the property (or properties) specified in the Mortgage deed.

n) **Standard Fees** mean our standard fees which are set out in the Tariff, except the product fee listed there. We may change the Standard Fees from time to time under **Condition 12**. You must pay any Standard Fee which you incur on demand when we ask you to. We do not charge interest on unpaid Standard Fees except for those that we have agreed to add to the Loan or those listed as 'other fees' in the Tariff.

o) **Term** means the length of time you have to repay your Loan as set out in the Mortgage Offer. The term starts on the date we pay the Loan to you. The term ends when you should have repaid (if you comply with all the terms of the Mortgage) the Balance.

p) **We, us and our** means Chetwood Financial Limited trading as CHL Mortgages and anyone who takes over our rights and/or obligations under the Mortgage.

q) **You or your** means:

i) the person named in the Mortgage Deed as the borrower and includes any personal representative, successor or anyone who takes over your rights or obligations (including the person entitled to act in your place should you die, become bankrupt or become unable to manage your affairs); and

1. How these Conditions work (Continued)

ii) where there is more than one person named as borrower in the Mortgage Offer or the Mortgage Deed, **you** or **your** refers to each of you and if any of you dies, becomes bankrupt or becomes unable to manage his or her affairs this will not affect the liability of the remainder of you.

This means that all obligations in the Mortgage apply to each of you individually, and in relation to the whole Balance, not just to a part of it. This is known as joint and several liability, and as a result of it, we can enforce our rights to payment against all of you together and each of you on your own for the Balance.

If you are joint borrowers under the Mortgage, but only one of you owns the Property, the Mortgage Deed will be security for all of your obligations under the agreement.

1.13. When we refer to something in the singular, that includes the plural and the other way around in each case.

1.14. References to any document includes any amendments, variations, supplements, or replacements to them.

1.15. When we use words in these Conditions, like "for example", "including" and "in particular", that means that the wording surrounding them is illustrative only and is not meant to limit the meaning of words or expressions.

1.16. Where we refer to legislation, those references include a reference to such legislation as amended or replaced from time to time.

2. Payments you need to make

2.1. You must repay us all the money you owe us by the end of the Term (unless we have asked you to do so earlier). This includes the Balance, any further money we lend you which says it is secured by the Mortgage Deed, interest and Expenses. In certain circumstances we might agree to change the length of the Term. If that happens, we will write to you to formally confirm this.

2.2. You must pay us the Monthly Payment on or before each Payment Date.

3. Monthly payment

3.1. All payments which you make to us must be made free from any deductions. If you must make a deduction (for example, for tax reasons) from any payment to us, you will have to make increased Monthly Payments to make up each Monthly Payment to the amount which (after making any deduction) would have been received by us had no such deduction been made.

3.2. Your Mortgage Offer will say what type of Mortgage you have, i.e. if you have a **Capital Repayment Mortgage, Interest-Only Mortgage, Rolled Interest Mortgage** or **Part-and-Part Mortgage**:

What is a **Capital Repayment Mortgage**?	For a Capital Repayment Mortgage, your Monthly Payment pays the interest which has arisen during that month, and also repays part of the Loan.
What is an **Interest-Only Mortgage**?	For an Interest-Only Mortgage, you must repay the Balance at the end of the Term as a single lump sum payment. This means that your Monthly Payments will only pay us the interest we charge in accordance with **Condition 4**. You should ensure that you have an appropriate repayment strategy in place to repay us at the end of the Term. This could be using a life assurance policy, pension plan or other investment or a savings plan at the end of the Term to repay what you owe. We may from time to time during the Term ask you for information about your repayment strategy.

3. Monthly payments (Continued)

What is a **Rolled Interest Mortgage**	A Rolled Interest Mortgage is where you make no monthly payments during the Term of the Mortgage. Instead, interest is charged on the amount you borrow and becomes repayable with the rest of the Loan at the end of the Term. This type of Mortgage is more expensive than other types, and your Mortgage Offer and ESIS will tell you how it works and how much you will have to pay.
What is a **Part-and-Part Mortgage**?	A Part-and-Part Mortgage is one where part of the Loan is a Capital Repayment Mortgage and part of the Loan is an Interest-Only Mortgage. For that part of the Loan which is an Interest-Only Mortgage, you must repay the Balance at the end of the Term as a single lump sum payment. This means that you Monthly Payments will only pay us the interest we charge in accordance with **Condition 4**. As with an Interest-Only Mortgage, you should ensure that you have an appropriate repayment strategy in place to repay us the part of the Loan which is interest-only at the end of the Term.

3.3. Whatever type of Mortgage you have, your Monthly Payments won't cover any Arrears or any Expenses, so if you go into Arrears during your Term, you'll need to make separate arrangements to repay the Arrears at the end of the Term if you have not been able to pay them off in the meantime. If we incur Expenses, you will also have to pay those separately. We'll tell you what your options are at the time. We charge interest on Arrears and Expenses in accordance with **Condition 4** (and as set out in our Tariff).

3.4. You can apply to us to change your Mortgage from one repayment type to another (for example, to change it from a Repayment Mortgage to an Interest-Only Mortgage or Part-and-Part Mortgage, or vice-versa). If you do so, you will need to meet our affordability and credit check requirements at the time of application before the change happens. If you apply to change to an Interest-Only Mortgage or Part-and-Part Mortgage, we will also need to be sure that you have a repayment strategy in place to meet the part of the Loan on which you are paying interest only.

3.5. If you are experiencing financial problems, we may also agree with you to switch your Mortgage to an Interest-Only Mortgage or Part-and-Part Mortgage to help you afford your Monthly Payments. If we do that, we will discuss the options available to you at the time, and we will only agree this with your consent, and if we are sure that making the switch will result in the best outcome for you.

3.6. You may repay (whether by way of a lump sum or increased Monthly Payment) all or part of your Balance at any time before it is due and owing. You will still need to make your Monthly Payment in full, despite any ad-hoc repayments you choose to make.

3.7. If you decide to make an additional repayment:

How we will apply repayments

a) We will apply your extra payments to your Balance;

b) when this happens, you will be required to pay us a capital repayment fee as set out in the Tariff;

c) if you pay more than the Monthly Payment, we will not be required to re-calculate the monthly payment unless you ask us to do this; and

d) you must continue to make the Monthly Payment on the Payment Date (which may mean that you pay off your Loan sooner).

Early Repayment Charges

e) You will have to pay any early repayment charge described in the Mortgage Offer if:

- **i)** you repay some or all of the Balance (whether by making a lump sum payment or increased Monthly Payment) before it is due and owing; or
- **ii)** we ask you to immediately repay the Balance under **Condition 8.2**.

3. Monthly payments (Continued)

f) We will not require you to pay any early repayment fee if we have demanded immediate repayment of the Balance as a result of your death.

g) We may deduct these fees from any amount received before applying the repayment to your Loan.

3.8. Subject to **Conditions 3.9 and 3.10** and unless you have given us specific instructions or we believe we have a legal or regulatory duty to do otherwise, payments towards the Mortgage will be applied in the following way:

a) firstly, to pay any unpaid Arrears;

b) then to your next Monthly Payment if it is due within the next 5 Business Days;

c) if your next Monthly Payment is not due within the next 5 working days, to interest on Arrears and Expenses;

d) then to Expenses;

e) then to Standard Fees; and

f) then to the Balance.

3.9. If we agree you do not need to make a Monthly Payment or agree you may make a lower Monthly Payment, we will still charge interest as set out in **Condition 4**.

3.10. If you make an overpayment to your account but you are in Arrears or there is a shortfall on any other Mortgage you have with us (or any other entity in our group), we may apply the overpayment to the account which is in Arrears or is subject to a shortfall prior to applying it to your Balance in respect of this Mortgage account.

3.11. We may change the Monthly Payment at any time by giving you notice in accordance with **Condition 17** for any of the following reasons:

a) if the Interest Rate which applies to your Mortgage has changed;

b) your Payment Date has changed such that there is more or less than a calendar month between one Monthly Payment and the next Monthly Payment;

c) if your Balance has increased because we made a Further Advance to you;

d) where your Monthly Payment consists of payments towards the Loan, to ensure that the Balance is repaid in full at the end of the Term;

e) if there is a change to the Term as agreed between you and us;

f) if your Mortgage switches from being an Interest-only Mortgage to a Capital Repayment Mortgage, or the reverse;

g) if we agree an alternative payment arrangement in respect of your Mortgage;

h) to repay any unpaid Expenses or Standard Fees;

i) if you repay part of the Loan early;

j) if you make a Monthly Payment of more or less than the amount due or you do not make a Monthly Payment at all;

k) if there is a change in currency values;

l) if there is a technological or system change we have implemented which requires us to do so;

m) if we think that this change is required to bring your account in line with other similar accounts; and / or

n) if there is a change in law or regulation or if guidance is given by a relevant body which we want to comply with.

3.12. We will act reasonably in exercising our right to change the Monthly Payment. We will tell you the reasons for the change and the new amount of your Monthly Payment.

3.13. You must make the Monthly Payment in pounds sterling by Direct Debit unless we agree with you otherwise in writing (which for the purposes of this Condition will include email).

3. Monthly payments (Continued)

3.14. We are not required to accept repayment from anyone other than you. If we do decide to do so, then we can:

- **a)** carry out any identity or other verification checks we may require;
- **b)** return the funds to the payer (and take any necessary prior steps before returning the funds to comply with our legal obligations); and/or
- **c)** require you or the payer to do anything we may reasonably think is needed to protect our rights over the Property.

3.15. If we believe the Loan is higher than the value of the Property, we may ask you either to make a lump-sum payment or to follow a repayment plan to reduce the Balance.

3.16. Unless your Mortgage Offer allows it, you cannot re-borrow any money you pay us.

4. Interest

4.1. We charge interest at your Interest Rate daily on:

- **a)** your outstanding Loan amount (from the date we send the funds to you (or your solicitor / conveyancer) until the Balance is repaid in full;
- **b)** any Arrears from the date they arise until they are repaid in full; and
- **c)** any Expenses added to your Mortgage account.

4.2. We add the interest you have been charged to your Balance once a month.

4.3. We calculate interest using a 365-day year.

4.4. Your Mortgage Offer will set out the type of Interest Rate which is applicable to your Mortgage account:

Variable rate	A variable Interest Rate is an Interest Rate that can go up or down. There are different types of variable rate and the one which applies to you will be set out in your Mortgage Offer. Variable rates are linked to the **Base Rate** or to another rate set by a regulated third party (known as a ***reference rate***) and will increase and decrease on the same day and by the same amount as the change to the base rate, as set out in the Mortgage Offer. We will give you notice of any change to your Interest Rate as soon as possible after the change is to take effect.
Fixed rate	If the Interest Rate is fixed, then your Mortgage Offer will tell you how long the rate is fixed for. During that time the Interest Rate will not go up or down. Once the fixed period comes to an end, then your Interest Rate will be set by reference to the rate which set out in your Mortgage Offer, or as agreed between you and us. The period for which your Interest Rate is fixed will start from and include the day the Loan monies are released to you (or your legal adviser or conveyancer).

Base Rate means the Bank of England's official bank rate (which you can find on the bank of England's website at www.bankofengland.co.uk) except when the Bank of England's official bank rate moves to less than 0%, in which case the Base Rate for the purposes of the mortgage will be taken to be 0%.

4.6. Depending on when your Payment Date falls a change to your Interest Rate may not appear in your next Monthly Payment but the one following.

4. Interest (Continued)

4.7. Your next Monthly Payment may not cover all the interest charged for the previous month. If this happens, the unpaid interest will be added to your next Monthly Payment.

For example, let's say your Mortgage is as described below:

- Mortgage type: Interest-only.
- Mortgage Balance: £100,000
- Old interest rate: 4%
- New interest rate: 6%
- Your monthly payment (based on the old 4% rate): £400.

Your interest rate increases from 4% to 6% halfway through the month (15 days at old rate, 15 days at new rate).

Because of timing, your next monthly payment is still £400, based on the old rate. However, the interest we charge, when calculated using the new rate, would be £411.

Because your Monthly Payment didn't cover all the interest charged, the £11.00 unpaid interest is added to the Balance and interest is charged from that new Balance. The Balance becomes £100,011. Interest from the next day is charged on £100,011.

4.8. If the Interest Rate decreases, the next Monthly Payment you make may be more than the amount required to pay the interest that accrued in the previous month. If this occurs, we will apply any additional amount you pay in accordance with **Condition 3.8**.

4.9. We may change your Interest Rate when anything set out in **Condition 8.2** takes place. We will give you 14 days' notice of any such change.

5. When we can change the Interest Rate

5.1. We will change your Interest Rate, or the way in which it is calculated, for the following reasons:

a) If the Base Rate changes;

b) If there is a change to the cost of the funding arrangements we have in place in order to finance the provision of your Mortgage;

c) To reflect a change in the law, codes of practice or the way we are regulated (including a decision or guidance by a court, ombudsman, regulator or a similar body);

d) If Base Rate (or any other externally set rate which we use to calculate interest) stops being published, ceases to exist or stops being used as a market standard;

e) To reflect changes in the systems or technology which we use (or anyone who provides services to us uses); or

f) To correct errors.

5.2. If the Base Rate (or any other externally set reference rate which we use to calculate interest) stops being published, ceases to exist or stops being used as a market standard, we will choose a new rate which will be used instead, We will try to ensure that the replacement rate we use is set by a third party and not by us. But if we cannot find one which is a suitable replacement for the reference rate, we can choose a rate ourselves (acting reasonably).

Reference rates: Sometimes we use an interest rate set by a third party as a basis for setting your Interest Rate. In some cases, that reference rate stops being available and we have to change it. By way of example, in 2021 the FCA stopped the publication of LIBOR (an interest rate which was set using data from many banks and widely used as a way to set interest rates in the lending market). As a result, where we use a reference rate to calculate our Interest Rate, we also need the ability to replace it, should it no longer be available.

If we change the Interest Rate, or the way in which it is calculated, we will give you notice before the change takes place, unless the rate is being decreased, in which case we can do it immediately.

6. Your obligations

6.1. You must always comply with the terms and Conditions of the Mortgage and our agreement.

6.2. If we ask you to do anything which we may (or our agents or anyone we appoint) need you to do to in order to:

- **a)** complete or protect our security over the Property;
- **b)** exercise our rights under the Mortgage; and
- **c)** secure the Secured Amount (including by granting further security over the Property or any other property or additional property rights you acquire),

you must do this promptly. If you don't, we can do this on your behalf (and at your cost)

6.3. If we must take any steps to ensure your compliance to the Conditions of the Mortgage and our agreement (including comply with any legal, regulatory obligations) and we incur costs to do so, these will be treated as Expenses.

6.4. Regarding Expenses:

- **a)** you must cover any reasonable costs that we, or anyone we appoint (such as a Receiver, solicitor, attorney or conveyancer), have to pay in connection with the Property or the Mortgage. This includes costs we incur if we need to enforce the Mortgage or recover money you owe;

  Examples of costs we may incur include (but are not limited to):

  1) bringing or defending any legal proceedings relating to the Mortgage (this applies whether or not you are a party to the proceedings);
  2) exercising any of the rights or powers given to us by legislation or these Conditions;
  3) recovering any of the Balance;
  4) protecting or preserving our security; and
  5) insuring the Property.

- **b)** We may decide (acting reasonably) how much a Receiver or any professional we appoint is paid and what expenses they can claim – we do not need to consult you before agreeing these amounts; and
- **c)** Expenses become part of the Balance.

6.5. You must tell us promptly each time your contact details change. We are not responsible if we can't contact you, or if we send confidential information to the wrong address using the details given to us by you.

6.6. By entering into the Mortgage, you have given us security over the Property. This means that rights you have as owner of your Property are transferred to us as part of the security and pass back to you when the Mortgage ends. As a result of this, there are certain actions that you must or must not take in relation to the Property.

6.7. You must:

- **a)** look after the Property and keep it in good condition, carrying out any necessary repairs;
- **b)** ensure that any building works on the Property are completed without delay and to the required standard;
- **c)** comply with and observe all obligations, covenants and restrictions affecting the Property;
- **d)** keep the Property insured in accordance with these terms and Conditions and the Mortgage Offer;
- **e)** comply with all laws and legislation affecting the Property and its use (in particular planning and environmental laws);
- **f)** comply with the requirements of any local authority which affect the Property;
- **g)** if the Property is leasehold, comply with all of the tenant's obligations under the lease (including paying any ground rent and service charges on time);
- **h)** pay all rents, taxes and outgoings affecting the Property;
- **i)** let us know immediately if you receive any notices claiming that you've not complied with any consents or regulations for example from a landlord or government department and take all reasonable and necessary steps to comply with the requirements of such notice;

6. Your obligations (Continued)

j) give us any information about the Property which we ask for (acting reasonably);

k) tell us within 14 days about (and give us a new mortgage (if we ask) over) any increased interest you get in the Property (for example a new or extended lease on your Property or an interest in the freehold of any building that includes the Property);

l) allow us, our employees or agents access to the Property if we ask and give you reasonable notice. We may need to do this to carry out a valuation of the Property, inspect the state of repair and condition of the Property or to carry out/complete any work necessary to put right your failure to comply with the terms of our agreement;

m) unless you hold the Property under a lease and the landlord insures the Property, you must insure the Property at your own cost until the Balance is repaid in full and ensure that the policy meets, as a minimum, the following conditions:

 i) it insures the Property against loss and damage for its full reinstatement value (including site clearance, all professional fees and the cost of meeting all planning and local authority requirements); and

 ii) it must be held with an insurer who is authorised and regulated in the United Kingdom to enter into contracts of insurance; and

n) provide us with proof of payment of the insurance premiums if we ask for this.

6.8. If you do not insure the Property in accordance with **Condition 6.7**, we may arrange to insure the Property ourselves. We will treat the insurance premiums as an Expense, and we will charge a fee for arranging the insurance as set out in the Tariff.

6.9. If an insurance claim is made in respect of the Property:

a) you must not negotiate or settle any claim with the insurer without our prior written consent;

b) any settlement monies must be paid to us;

c) you will hold any money you receive from the insurer on trust for us (which means you should not use this money but hold it for us) and must pay it over to us when we ask for it; and

d) any settlement monies must be used either to repair or reinstate the Property or to make a payment to reduce the Secured Amount.

6.10. You must not:

a) neglect or damage the Property or do anything to reduce its value;

b) do (or not do) anything affecting the Property which might harm any insurance or increase the cost of that insurance;

c) alter the Property if such alterations would reduce its value or grant rights in it to anyone (or allow anyone to obtain rights in it); and

d) knowingly take any action that regarding the Property that breaks the law.

6.11. You must not, without our written consent:

a) use the Property (or permit the Property to be used) as anything other than your residence – if we agree to consent to you letting out the Property, you will need to agree to and comply with additional terms and conditions which we will provide you with;

b) apply to a local authority or other similar body for any loan or grant for the repair or improvement of the Property;

c) change the use or occupation of the Property, including leasing, letting, licensing or parting with possession of it, or any part of it (unless you have a buy-to-let Mortgage);

d) alter or extend the Property;

e) sell or dispose of the Property (or any interest in it) or agree to do so; and

f) use the Property as security for another loan or for any other obligation you may be subject to.

6.12. Where you require our consent in relation to any matter in **Condition 6.11**, we will not unreasonably withhold this.

7. Flexible features of your Mortgage

7.1. Payment holidays and underpayments

You will not be able to take payment holidays, miss one or more of your Monthly Payments) or make underpayments (pay less than the full amount of your Monthly Payment) unless your Mortgage Offer says that you can, or we agree that with you in writing. If your Mortgage Offer doesn't contain this right, you can ask us to arrange a payment holiday or allow an underpayment if your circumstances change (for example, if you lose your job), which we will look at and will act in your best interests when considering your request, however we do not have to agree to your request, and if we do there may be conditions attached to our consent.

7.2. Porting

a) "Porting" your Mortgage means you are able to transfer your outstanding Balance under your Mortgage to another property. This is not an automatic right and details of whether and how you are able to do so will be set out in your Mortgage Offer.

b) If it is possible to port your Mortgage we will need to be satisfied that the new property creates satisfactory security for the Mortgage. You will always be subject to a full affordability assessment where porting is allowed. Our affordability requirements at the time of your move may be different to those at the time you took out your Mortgage and also your circumstances may have changed. We will discuss the details of this with you at the time.

8. When we can ask you to repay the Mortgage, and what happens if you don't do so

When we can ask you to repay the Mortgage in full

8.1. When you sign the Mortgage Deed, the Balance is treated as immediately payable for legal purposes.

> This doesn't mean we expect you to repay the Balance straight away. Instead, it allows us to use the legal rights that come with a Mortgage straight after the Mortgage Deed is signed. It's a standard legal requirement and doesn't change how you make your normal monthly payments, if you are complying with these terms and Conditions.

8.2. In certain circumstances we may write to you and require you to pay us everything you owe us immediately and take steps to end the Mortgage. We'll only do this if:

a) you fail to make payments equal to two or more Monthly Payments;

> To reassure you, if you break the terms of your Mortgage, we would normally only ask you to pay everything you owe us as a last resort after we've contacted you and tried to find other ways to support you or sort out any issue which has arisen. But if it's clear that the situation is serious and cannot easily be resolved, we may have to enforce our rights.

b) you don't repay the Balance and Secured Amount at the end of the Mortgage Term;

c) you breach any term of our agreement (other than for the payment of money) in a way that is more than minor and that you can't fix quickly;

> If you breach a term of our agreement and there is a way for you to fix it, we will ask you to do so. If we ask you and you fail to fix it within 14 days, you will be in breach of this Condition.

d) if the Mortgage Deed or any Guarantee is cancelled or cannot be legally used;

e) you are made bankrupt, or you are unable to pay your debts;

f) you start, or have started against you (or your Guarantor), any other form of steps or actions in respect of your bankruptcy or insolvency (however described), including proceedings to compromise or seek relief from your debts or creditors

8. When we can ask you to repay the Mortgage, and what happens if you don't do so (Continued)

g) any information or statement which you or any Guarantor have provided (or are deemed to have provided) in connection with the Mortgage or Guarantee is false or misleading or you or any Guarantor have failed to provide any information which would have affected our decision to enter into the Mortgage or Guarantee or the terms upon which we have entered into the Mortgage or the Guarantee;

h) you or any Guarantor have borrowed money which is due and payable before its stated maturity date;

i) it becomes unlawful for you or us or the Guarantor to perform our respective obligations under the Mortgage or to be a party to the Mortgage or the Guarantee;

j) we believe (acting reasonably) that the Property has been abandoned;

k) notice is given that the Property or any part of it has been or will be compulsory purchased or requisitioned (for example, a local authority forces you to sell the Property to them);

l) you die or you are joint borrowers and the last surviving one of you dies;

m) the Balance becomes more than the value of the Property;

n) you or any Guarantor is involved (or we believe that you or any Guarantor are involved) in criminal or fraudulent activity;

o) another mortgagee or security holder takes possession of the Property, appoints a receiver or exercises or attempts to exercise a power of sale over the Property; and

p) the Property is leasehold, and you are in breach of any provision of the lease which remains unremedied within the timescale provided by the landlord.

8.3. You must tell us immediately if any of the circumstances set out in **Condition 8.2** occurs or is likely to occur.

Action we may take

8.4. If any of the events in **Condition 8.2** happen, and you are required to pay us the money you owe us, we may immediately take steps to:

a) take possession of the Property;

b) sell the Property;

c) appoint a Receiver in accordance with **Condition 10**;

> A **Receiver** is someone who will manage the Property. Any money received by the Receiver will be used in the same order as money received by us. The Receiver may be one of our employees or anyone else we choose. Although we would appoint the Receiver, they would act for you and in your name (not ours) and you'd have to pay their fees. **Condition 10** provides more details regarding the appointment of a Receiver.

d) take any of these steps free of any restrictions in the LPA;

e) use other enforcement rights under the LPA, again free of any restrictions in the LPA, including:

i) carrying out any repairs or building work necessary to ensure that the Property is in good condition (including obtaining any consents necessary for such work); and

ii) granting leases or tenancies of the Property on whatever terms we choose, vary the terms of, end, review or accept the surrender of leases over the Property, and if the Property is let, collect any Rent payable.

> **Rent** means all rent and other sums payable under any lease.

f) exercise our right to take money out of your other account with us (as set out in **Condition 9**);

g) collect Rent directly from any tenant of the Property;

h) carry out repairs or improvements to the Property. The cost of any repairs or improvements will be an Expense;

i) manage the Property; and

8. When we can ask you to repay the Mortgage, and what happens if you don't do so (Continued)

j) if the Property is leasehold, extend, surrender or change the terms of the lease.

8.5. If we take possession of the Property:

a) we or any Receiver may remove, store, sell or otherwise dispose of any furniture, goods or items at the Property – if we sell these items, we will pass on any money received to you;

b) you will be responsible for the costs of removing, storing, selling, or disposing of the items mentioned above; and

c) we are not responsible for any loss or damage to the items mentioned above when we exercise our rights under this Condition.

8.6. If we obtain a court judgement against you for payment, interest is payable on the Balance at the relevant Interest Rate both before and after we obtain a court judgement.

8.7. If we have to take any action under **Condition 8**, the money we recover will be used in the following order, after paying anything that has legal priority over our claim:

a) firstly to pay any unpaid Arrears;

b) then to interest on Arrears and Expenses;

c) then to Expenses;

d) then to Standard Fees;

e) then to the Balance (including any product fee (as defined in the Tariff) that we have allowed you to add to the Loan); and

f) then to you.

9. Our right to take money out of your other account (set-off)

9.1. If you do not make a payment on time under this Mortgage, we can use the money you hold in other accounts you hold with us to reduce the Balance. We can also combine accounts for this purpose. This is called our right of set-off.

9.2. We can exercise our right of set-off without telling you in advance if we think that this would lead to you taking steps to stop us exercising our rights, in which case we will notify you in accordance with **Condition 17** as soon as possible after we have exercised our rights. In all other cases, we will provide you with at least 7 calendar days' prior written notice in accordance with **Condition 17**.

9.3. Where you are joint borrowers, we can exercise our right of set-off against any money you hold in an account in your joint names, or any money you hold in an account of any of your individual names.

10. Receiver

10.1. We may appoint one or more persons (including our officers) as a Receiver and remove any person we have appointed as a receiver.

10.2. You may also ask us to appoint a Receiver.

10.3. Any appointment or removal of a Receiver must be in writing.

10.4. Where we appoint more than one Receiver, we may authorise them to exercise their powers independently of each other or jointly. We can also decide how much they are paid and what Expenses they can incur.

10.5. The Receiver will have the powers granted to them by the LPA and may also use any powers we have under the Mortgage.

10. Receiver (Continued)

10.6. Any Receiver appointed will be your agent and you will be responsible for:

- **a)** paying their costs;
- **b)** reimbursing them against any costs and liabilities they may incur during the course of their appointment; and
- **c)** their acts and omissions.

11. When we can act on your behalf

11.1. When you sign the Mortgage Deed, you give us (and anyone we delegate, including a Receiver) the authority to act for you if needed, as an Attorney, as security for your obligations under the Mortgage. This means we can, in your name:

- **a)** carry out anything you are required to do under the Mortgage, including signing any documents; and
- **b)** take any action we or a Receiver are legally allowed to take under the Mortgage.

> An Attorney is someone who you give legal rights to act on your behalf (i.e., to step into your shoes and take certain actions). You must appoint us as your Attorney, so we can protect our interests over the Mortgage and the Property, and you cannot cancel or refuse this appointment before the Secured Amount is repaid in full.
>
> If there is more than one of you, the Attorney will act for all of you together and each of you separately.

11.2. You agree that any action taken by us and anyone we delegate this authority to act as your Attorney to is using this authority validity and you accept any action taken by the Attorney as if you had done it yourself.

Part B:

12. Changes to the Tariff

12.1. We can make any of the following changes to the Tariff at any time:

- **a)** we can add a new cost, charge, fee or other Expense to reflect any proportionate increase or decrease in our costs or any increase or decrease in charges imposed on us by third parties;
- **b)** we can add new costs, charges, fees or other Expenses which reflect our costs in administering the Mortgage;
- **c)** we can remove costs, charges, fees or other expenses which no longer apply; and/or
- **d)** to respond, in a proportionate manner, to changes in the law or the interpretation of the law, decisions or recommendations of an Ombudsman, regulator or similar person, or any code of practice with which we intend to comply.

12.2. We will notify you in accordance with **Condition 17** if we make any change and the new charge will be set out in the Tariff, a copy of which will be provided to you at least once a year when changes are made.

13. Changes to these Conditions

13.1. We may change the terms of the Mortgage at any time for any of the following reasons and in any of the following situations:

a) where there has been a change in law or regulation and we need to make a change to help us comply with it;

b) where there has been a court decision or a decision or guidance issued by an ombudsman, regulator or similar body which we intend to comply with and a change will help us comply with that;

c) where changes to systems (including technological changes) result in changes to the way we (or a third party on our behalf) administer your Mortgage or operate accounts;

d) to reflect best practice in the administration of your Mortgage;

e) to introduce new services or features to your Mortgage, or make improvements to the services we provide you;

f) to reflect any change in the cost to us of providing our services to you;

g) to enable us to make reasonable changes to the way we look after your Mortgage as a result of changes to the banking or financial systems which are beyond our control;

h) to correct any errors; or

i) where a change would be in your interests or not cause you any detriment.

13.2. If we make a change, we will notify you in accordance with **Condition 17**.

14. Assignment and transfer

14.1. You may not assign or transfer the Mortgage or any part of it to any other person without our consent.

14.2. If you would like to discuss changing the parties to the Mortgage you must get in touch with us in one of the ways set out in **Condition 18** and get our agreement in writing.

14.3. We may assign, mortgage, charge, declare a trust over or transfer or deal in any other manner our rights and obligations under the Mortgage and/or in respect of any amounts you owe under the Mortgage or any Guarantee to a third party. If we do, the terms of the Mortgage will continue to apply to you.

14.4. You agree that we may pass any information or documents relating to you and the Mortgage to any potential assignee or transferee in accordance with relevant data protection law.

15. Data protection and use of your information

15.1. For information about how we use your data, please refer to our Privacy Policy available at: intermediaries.chli.co.uk/privacy-policy.

15.2. If you fail to make any payment to us when required under this Mortgage, we may report that failure to credit reference agencies (**CRAs**). We may also report details of alternative payment arrangements we have agreed with you to CRAs. This may make it more difficult or more expensive for you to obtain credit in the future.

16. Mistakes

16.1. If we make a mistake, or if we miss anything out in any statement or other information we give to you, that mistake or missing information will not affect our security.

16.2. You won't be released from any of your obligations under the Mortgage if we execute a discharge in respect of the Mortgage, but we subsequently discover that we under-calculated or under-stated the redemption amount by mistake.

17. Notices and statements

17.1. If we need to send you any notice, statement or other communication you agree that we can send it electronically to the email address or other contact details we hold for you or by post. If you would like us to communicate with you in a different way, you must let us know as soon as possible and we will make our best efforts to accommodate your request, where this is reasonable.

17.2. Any notice required by the Mortgage will comply with the minimum notice period required by the Conditions or any applicable law, rule or regulation. If no period is specified, we will provide you with at least 7 calendar days' notice.

17.3. We will send you a statement of account at least once every 12 months.

18. How you can contact us

18.1. You can contact us by:

18.1.1. telephone: 01252 365888

18.1.2. email: bridging@chlmortgages.co.uk

18.1.3. post: CHL Mortgages, Chetwood Bank, Ellice Way, Wrexham Technology Park, Wrexham, LL13 7YT.

19. Complaints

19.1. We strive to give you the highest standards of products and services. We understand that things don't always go to plan, and there may be times when we don't live up to your expectations. If this happens, we want you to tell us. We'll do our very best to put things right, as quickly as possible and to your satisfaction.

19.2. We will fully investigate every complaint about our services. Even if your complaint relates to a particular policy decision and we are not necessarily able to change things, we will explain it to you.

19.3. If you have a complaint, or you think we can improve our services, please get in touch. For more information you can visit our website to view our [complaints policy (hyper-link)], if you're not happy with our response.

19.4. If we don't deal with your complaint in eight weeks or you're unhappy with the outcome, you can refer your complaint to the Financial Ombudsman Service. Details of how to contact the Financial Ombudsman Service can be found at https://www.financial-ombudsman.org.uk/.

20. Miscellaneous provisions

20.1. You may appoint a third-party authority to manage your Mortgage on your behalf. If you do:

a) you must let us know and provide your authority;

b) you must provide any details we request in relation to that third party;

c) you agree that we may accept and act upon instructions provided by your third-party authority as if those instructions were provided by you; and

d) you agree that we are not responsible regarding instructions we receive and/or act on from your appointed third-party authority.

20.2. Please contact us if you would like to appoint, amend or remove a third-party authority on your Mortgage.

20.3. Unless appointed by you under **Condition 20.1** a person or corporate entity who is not a party to the Mortgage Deed will have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Mortgage.

20. Miscellaneous provisions (Continued)

20.4. Any determination by us as to the total Balance or the applicable Interest Rate will be conclusive (save in the case of an obvious error).

20.5. No failure by us to exercise, nor any delay by us in exercising, any right or remedy under the Mortgage will operate as a waiver, nor will any single or partial exercise of any right or remedy prevent any other or further exercise of any other right.

> This means that if we do not use one of our rights straight away, or choose not to use it at all, we don't lose that right. For example, if we delay taking action, or if we take only one step instead of all the steps available to us, this does not mean we are giving up our other rights under the Mortgage. We may still use them later if needed.

20.6. If any provision of the Mortgage is or becomes illegal or invalid or unenforceable, the remaining provisions of the Mortgage will not in any way be affected and you will still be bound by them.

21. How we are regulated

21.1. Chetwood Financial Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority under registration number 740551.

22. Governing law and jurisdiction

22.1. The Mortgage between you and us is governed by English law and the courts of England and Wales will have exclusive jurisdiction to settle any disputes arising out of or in connection with the Mortgage.

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03-01-02-19 - Regulated Bridging Terms and Conditions (1.3)

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