



# Mortgage Conditions and Explanations



Bath Building Society

We're different because you are

Bath Building Society (“the Society”). The paragraphs headed “Introduction”, “Membership Rights”, “Mortgage Protection” and “Complaints Process” below are included purely for the purposes of clarity and do not form part of, or amend, the Mortgage Conditions and Explanations.

### **Introduction**

This brochure explains how your mortgage works. It defines the terms used in the mortgage documents and sets out in detail the conditions that you accept when you sign your mortgage deed. If you have any queries about these Conditions and Explanations, we will be pleased to help you. The paragraphs in this booklet are numbered in order to make it easy for you to refer to individual details if you have questions to ask.

Your solicitor should advise you about these Conditions and Explanations and the commitment you make when you take out a mortgage. When you sign a mortgage deed, you automatically become a Member of the Society and you will be bound by the Society’s Rules.

We suggest that you keep this brochure in a safe place in case you want to check the Conditions and Explanations that apply to your mortgage. English Law applies and we will communicate with you in English.

### **Membership Rights**

If there is more than one of you, the first named applicant in the mortgage application form will be the Society’s Member with borrowing membership rights. He or she is known

as the representative joint borrower. If you wish to change the person who is the representative joint borrower, you can do so by giving notice to us. The change will take effect when the Society’s records are amended. The name provided in the mortgage application form must be in the same style as on any other account held with the Society to ensure that the Society does not provide duplicate mailings to you. Any previous error or discrepancy must be notified to the Society as soon as possible. Membership will cease if the Society exercises its power of sale or takes possession of the property, and may cease if the Society transfers the mortgage under Condition 13.

### **Mortgage Protection**

We recommend that you consider taking out insurance to ensure that your mortgage is repaid should you die during the term, and to ensure that payments can continue should your income cease or reduce due to, for example, sickness or unemployment.

### **Complaints Process**

We have a formal Complaints Process, details of which are available on request and on our website. Should we be unable to resolve your complaint to your satisfaction, you may be able to refer it to the Financial Ombudsman Service (FOS). The FOS was set up by Parliament to resolve individual complaints between consumers and financial services businesses, and is free to consumers. More information can be found on the FOS website – [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

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# 1. Explanation of Terms in these Conditions

In these **Conditions**, “you” or “your” means the **Borrower** and “we”, “us” or “the Society” means the Society and anyone who takes over the **Mortgage** from us.

Throughout this booklet, the terms set out below are in bold print. When you read these **Conditions** and come across words in bold print you should look here for the meaning of those words. If there are other terms that you do not understand, your solicitor should help you. These explanations form part of your agreement with us, except that anything printed in italics is for information only.

**1.1 Advance** is any sum of money which we lend to you under the **Mortgage Deed**. It includes further loans made after the date of the original loan. It does not include any loan which is a consumer credit regulated agreement unless all appropriate procedures have been taken to allow us to include such sum in the loan. In releasing any **Advance** monies to you, we do not guarantee that either the price or condition of the **Property** is reasonable. You must satisfy yourself on these points.

**1.2 Assignment** is an agreement under which the benefit of a **Life Policy** is given to us for the term of the **Mortgage**.

**1.3 Borrower** means the person or people shown as the borrower in the **Mortgage Offer** and includes successors in **Title**. If two or more people are the **Borrower** then each one of them is liable for the whole of the **Total Debt**.

**1.4 Capital Repayment** is an amount of at least £500 (or such other amount as we may specify in the future) paid to us, in addition to your **Monthly Payment** and any other amounts then due and payable. A **Capital Repayment** may be paid during a **Special Mortgage Scheme** if the rules of the Scheme allow, but early repayment charges may also be payable.

**1.5 Collateral Charge** is where the Society takes a legal charge over all or part of an asset, usually a **Property**, owned by you or a third party (such as a parent or **Guarantor**), as additional security against the **Mortgage**. This reduces the risk to the Society and allows us to lend you more than we would otherwise. The **Collateral Charge** may be released on request and at our discretion, normally when the loan to value has reduced (for example, due to a combination of the outstanding **Mortgage** being reduced and any increase in the value of the **Property**). A fee may be payable for removing or amending the **Collateral Charge** and for any revaluation of the **Property** which may be required. You consent to us giving details of your **Mortgage** to the person providing the **Collateral Charge** or their legal adviser.

**1.6 Completion Date** is the date on which we release funds for the **Advance** that is to say, the day we make an electronic transfer of money, to you or your solicitor or any other person on your behalf.

**1.7 Condition** is a **Condition** or Explanation set out in this booklet.

**1.8 Covenant** is a promise by you to us to do certain things under the **Mortgage**, or in the case of your **Property**, to do or not to do certain things relating to the **Property**.

**1.9 Endowment Policy** is a life assurance policy that is designed to pay a sum assured on a predetermined maturity date or death of the **Policy Owner** if earlier. *A premium is paid to the life assurance company which in return agrees to provide a guaranteed level of life cover with the expectation (but no guarantee) that the policy will produce a given maturity value at the end of the term of the policy.* The policy term of an **Endowment Policy** used to repay the mortgage must not exceed the **Mortgage Term**.

**1.10 Environmental Law** is all laws both Statutory or under European Union legislation and codes of practice and guidance issued by any relevant authority or agency in relation to anything affecting the environment, human health or the storage, handling or disposal of any waste or other substance.

**1.11 Financial Year** is the **Financial Year** for the Society as set out in our Rules. We may change the **Financial Year** but, if we do, we will ensure that you will not be worse off as a result.

**1.12 Further Advance** is any sum of money lent by us under the **Mortgage Deed** after the original loan. It does not include any loan which is a consumer credit regulated agreement unless all appropriate procedures have been taken to allow us to include such sum in the loan. Any **Further Advance** is subject to these **Conditions** and any variation made at that time.

**1.13 Guarantor** is any person who has agreed to guarantee your responsibilities under these **Conditions** should you fail to carry them out. The **Guarantor** will be named in the **Mortgage Offer**.

The **Guarantor** will also include the personal representatives of the **Guarantor** if he or she should die. *A **Guarantor** may or may not provide additional security (known as a **Collateral Charge** – see 1.5) by way of an additional property which will be secured by a legal charge.* You consent to our providing details of your **Mortgage** to any **Guarantor** or their legal adviser.

**1.14 Higher Lending Charge** means a higher lending fee, which we usually charge if the amount you are borrowing is more than the maximum loan we would normally make on the **Property**. Part of this fee may be used by us to purchase additional security in the form of indemnity insurance. If we do purchase indemnity insurance this in no way affects your liability and promise to repay all monies owed to us in full, despite any claim that might be made by the Society on the insurance company, if the **Property** is **Taken into Possession** and sold by us for less than the amount you owe. *The insurer has the right to recover from you any monies paid to us under the indemnity insurance. We may seek to recover on the insurer’s behalf the money you owe at the same time as recovering the balance of our loss which was not covered by indemnity insurance.* The amount of the **Higher Lending Charge** (if any) is shown on your **Mortgage Offer**. If you require a fuller explanation of indemnity insurance, please ask your solicitor.

**1.15 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 5**. **Interest** will be charged and is payable on the **Advance** from the **Completion Date**.

This continues to apply even if we obtain a court order against you for payment of some or all of the **Total Debt**.

**1.16 Interest Period** means a **Financial Year** or any shorter period shown as the interest period in your **Mortgage Offer**. We may decide to reduce the **Interest Period**, if it is more than a day (so that, for example, we may change a **Mortgage** from yearly to daily interest). If we do this we will give you at least 30 days' advance notice of the change.

**1.17 Life Policy** means an **Endowment Policy** or other life assurance policy.

**1.18 Month** is a calendar month.

**1.19 Monthly Payment** is the amount which you must pay each **Month** on the **Payment Day**. Your **Monthly Payments** will be shown on your **Mortgage Offer** in Section 6. We may change the amount of your **Monthly Payment** in accordance with **Condition 6**.

**1.20 The Mortgage** is the entire legal agreement under which we lend you money and includes the **Mortgage Deed**, these **Conditions**, and your **Mortgage Offer**. By signing the **Mortgage Deed** you promise us that you will comply with everything contained in your **Mortgage Deed**, **Mortgage Offer** and these **Conditions** and that you understand all the terms. If there is any inconsistency between these **Conditions**, the **Mortgage Deed** and the **Mortgage Offer**, the **Mortgage Offer** will prevail. *The **Mortgage Deed** gives us certain rights over your **Property**. These rights may be exercised by us if you break the **Conditions** of the **Mortgage**.*

*If, for example, you fail to pay any of your **Monthly Payments** on time, we are entitled to take over your **Property** to sell it in order to recover the money you owe us.*

Our rights under the **Mortgage** continue until you have repaid all the money you owe us, including all **Interest** and any other charges. You cannot take out a **Mortgage** with us if you are under 18 years old.

*There are different types of **Mortgages**.*

**Repayment Mortgage:**

*If you have a **Repayment Mortgage** with the Society the payments made comprise **Capital** and **Interest**. The **Monthly Payment** is calculated so as to pay off the **Total Debt** by the end of the **Mortgage Term**, providing payments are made on time and in full. There is no life cover in force in connection with a **Repayment Mortgage** unless you have made separate arrangements for this. You are recommended to make your own arrangements for life cover protection if you have not already done so.*

**Interest Only Mortgage:**

*If you have an **Interest Only Mortgage** the **Monthly Payments** you make to the Society consist of Interest only. You will not have given to the Society any **Assignment** or security over any other means of repaying the capital amount of your **Mortgage** at the end of the **Mortgage Term** (e.g. ISA investment, pension plan). As there is no life cover in force in connection with your **Mortgage** you must make separate arrangements for this. Your **Mortgage Offer** sets out the **Monthly Payment** payable and your repayment strategy in Section 6. Your **Mortgage** may be made up of different elements, so that part of it is on a Repayment basis, and part of it*

*is on an Interest Only basis. Your **Mortgage Offer** will say if this is the case. It is your responsibility to make certain that you have adequate capital available to pay the **Total Debt** at the end of the **Mortgage Term**.*

*In order to achieve this you must ensure that an adequate repayment method is in place and you should check this annually. We will require you to provide us with evidence of the adequacy of your repayment method before we will issue an offer, and at such other times as we determine thereafter. If we deem that an adequate repayment method is not in place we will, subject to us undertaking a financial review of the circumstances in accordance with our responsible lending policy, convert your **Mortgage** to a **Repayment Mortgage** in order that your **Monthly Payment** will comprise capital as well as **Interest**. We will give you reasonable written notice of such conversion. If your **Mortgage** is not paid off at the end of the **Mortgage Term**, **Interest** will be charged on the amount outstanding until it is fully paid off.*

**1.21 Mortgage Deed** is the legal document you sign to give us security over the **Property**, and to say that you will comply with these **Conditions**.

**1.22 Mortgage Offer** means our written offer of a loan to you. Your **Mortgage Offer** may consist of more than one document. We may withdraw a **Mortgage Offer** where there is a material change to the facts and circumstances relating to the **Mortgage Offer** which arise after the **Mortgage Offer** is made, or where you have knowingly provided incomplete or inaccurate information for the purpose of the assessment of affordability, or where

you have knowingly falsified or withheld information relating to the assessment of affordability. A material change includes, but is not limited to, loss of employment, further borrowing taken out after the application was submitted, or anything which may affect the condition, value or title to the property. We will not be responsible to you for any loss if we withdraw a **Mortgage Offer**. If you do not accept the **Mortgage Offer** you will not be responsible for any loss suffered by us, although you must pay for any property assessment report that has been carried out on the **Property**. Remember that you will be responsible for your own Solicitor's costs if you do not proceed with the **Mortgage**. You should check your **Mortgage Offer** to find out when it will lapse.

**1.23 Mortgage Term** is the period of time during which you agree to repay the loan to us and is shown on your **Mortgage Offer** under "Term". This may be varied by agreement with ourselves. The **Total Debt** must be paid by you on or before the end of the **Mortgage Term**. *If you have selected a term that extends beyond your anticipated date of retirement then you must ensure that you have adequate means to repay your **Mortgage** during retirement even if one party dies.*

**1.24 Other Rights** mean:

- 1.24.1** Any rights to which you may become entitled in respect of the **Property** for whatever reason. They may include:
- (a) compensation or other money received or receivable in respect of damage caused to the **Property** or

because it (or any part of it) has reduced in value, or been compulsorily purchased;

- (b) any agreement, option, right of pre-emption, guarantee or indemnity relating to the **Property** or its construction, state or condition;
- (c) any share in or rights of membership in a management company, commonhold 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 any of the following risks, namely a defect in **Title** to the **Property**, an adverse right being enforced against the **Property** or revealed in a local authority search and an earlier dealing with the **Property** being set aside or varied by the Court;
- (f) any other rights you may have or obtain, necessary for the proper use and enjoyment of the **Property**.

**1.24.2** Any other benefits which you may have or receive in respect of the **Property**, but not including money or grants payable to you in respect of maintenance or improvement of the **Property** or any money from an insurance policy (which as between you and us is dealt with in **Conditions 9**).

**1.25 Payment Day** means the last day of each calendar month or, if the last day of any calendar month is not a business day, the business day preceding the last day of such calendar month.

**1.26 Planning and Housing Acts** means Acts of Parliament or Statutory Instruments

in force from time-to-time relating to town and country planning and housing matters.

**1.27 Policy Owner** means you if you are the owner of any **Life Policy** that is to be used in connection with the **Mortgage**. The **Policy Owner** also means anyone who takes over a **Life Policy** and who is not the original **Policy Owner**.

**1.28 Power of Sale** is when we are entitled to sell the **Property**. This may happen whether or not we are in possession of the **Property**.

**1.29 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**).

**1.30 Receiver** is a person appointed to manage the **Property** when you have not complied with these **Conditions** or when we can exercise our **Power of Sale**. The appointment of a **Receiver** does not mean that the **Property** has been **Taken into Possession** unless you are specifically notified by the **Receiver** or us that the property has been **Taken into Possession**. A **Receiver** is an agent of yours. Therefore you (and not us) are responsible for actions of the **Receiver**.

**1.31 Special Mortgage Scheme** is any product which is not at our **Standard Variable Rate** or is at our **Standard Variable Rate** but you have had the benefit of a discount cashback or other scheme benefit. A **Special Mortgage Scheme** may be for a specified period as set out in Section 4 of your **Mortgage Offer**.

**1.32 Standard Variable Rate** means our standard variable rate of interest.

**1.33 Taken into Possession** means that the Society or a **Receiver** has taken over your **Property**. Your rights, which might include receiving income produced by the **Property** such as rent paid by tenants, are also taken over. If the **Property** is **Taken into Possession** this does not necessarily mean that we actually occupy it.

**1.34 Title** is the documentary evidence that gives you proof of ownership of the **Property**.

**1.35 Total Debt** is all the money you owe us under any **Mortgage**, now or in the future. It includes (but is not limited to) the following in relation to each and every **Mortgage**:

- (a) the **Advance** and any **Further Advances** (less repayments made);
- (b) Interest on all **Advances** and **Further Advances**;
- (c) **Interest** on any arrears of payments, in accordance with these **Conditions**;
- (d) any money owing to us as a result of you repaying the **Advance** (or any **Further Advance**) or part of the **Advance** (or any **Further Advance**) early under a **Special Mortgage Scheme**. *If you have taken out a **Special Mortgage Scheme** details of any **Interest**, costs and other charges will be set out in the **Mortgage Offer**;*
- (e) any other early settlement charges or **Interest** due;
- (f) all costs and expenses notified to you in respect of the arrangement of any **Advance** or **Further Advance** whether or not it is actually made;
- (g) all insurance premiums which we have paid on your behalf (whether

or not we arranged the insurance);  
(h) all and any reasonable costs and expenses we incur in taking or defending any court actions in order to protect our security or any **Advance** or **Further Advance**;  
(i) any costs, expenses, fees or additional **Interest** that may become due to us under these **Conditions**, the **Mortgage Offer**, the Rules or by Law whenever they fall due. It does not include any loan which is a consumer credit regulated agreement unless all appropriate procedures have been taken to allow us to include such sum in the loan.

## 2. Borrower's and Guarantor's Covenants

**2.1** You and the **Guarantor** (if any) **Covenant** to us:

**2.1.1** to make **Monthly Payments** in accordance with **Condition 6**, to pay **Interest** in accordance with **Condition 4**, and to repay the **Total Debt** on or before the end of the **Mortgage Term**;

**2.1.2** to pay all applicable insurance premiums if you are responsible for insuring the **Property**. The **Mortgage Offer** will state if we are to insure the **Property** for you. It is your responsibility to ensure that the **Property** is insured at all times. (See also **Condition 9**);

**2.1.3** to do whatever else is required by the **Mortgage** for as long as any of the **Total Debt** is unpaid;

**2.1.4** to do whatever is required by the deeds and documents affecting the **Property** and to comply with all regulations of the local or any other authority including (but not limited to) planning conditions which affect the **Property**;

**2.1.5** to inform us immediately if the **Property** is included in any road widening, clearance or development scheme, or is likely to be otherwise injuriously affected by any Town Planning Scheme;

**2.1.6** to complete (properly and without delay) any building work that is being carried out on the **Property** at the time your **Mortgage** is signed or at a later date;

**2.1.7** to allow us to visit and inspect the **Property** at any reasonable time to ensure you have complied with these **Conditions** or to obtain an assessment of the **Property**. Except in an emergency, we will give you reasonable notice of any inspection we propose to make;

**2.1.8** to keep the **Property** in good repair and to allow us or a **Receiver** to inspect the **Property** at a time that is convenient for you upon reasonable prior notice. If it is not in good repair the Society may require you to take reasonable steps to ensure that it is. It may require you also to complete any building works. We may also carry out works on the **Property** to ensure the **Property** is in good repair if you do not do so. You agree to pay us any costs and expenses we incur in this respect (see **Condition 17**);

**2.1.9** unless you obtain our written consent (which we will not unreasonably refuse) in advance, not to allow anyone to live in your **Property** or share occupation with you or grant any tenancy agreement or lease. If you do so, we are not bound by the conditions of such an agreement. Any consent that we may give may be subject to a fee or other charge, and will be consent for those people only and for a set period. It will not be consent for future occupiers or for any extended periods. Therefore you must get our consent before any future occupiers live in the **Property** or any extensions of time are given;

**2.1.10** to comply fully with **Planning and Housing Acts** or any other legislation in relation to your **Property**. Your local authority may issue **Environmental Law** notices that relate to the **Property**. If that happens, you must send us a copy of the notices and keep us informed about your progress in complying with them. If you fail to comply we may carry out any necessary work. You agree to pay us any costs and expenses we incur in this respect (see **Condition 17**);

**2.1.11** to obtain our written consent (which we will not unreasonably refuse) before making any alterations or additions to the **Property** or before changing its use. These works may require planning permission and/or building regulation consent, and you must ensure you comply with any **Planning and Housing Acts** and Building Regulations;

**2.1.12** not to damage the **Property** or do anything to lessen its value in any way;

**2.1.13** to ensure that all taxes, service charges, rates and rents are paid promptly in respect of the **Property**. We may have to pay any of these if they are not paid by you, to ensure that your and our rights in the **Property** are protected. You agree to pay us any costs and expenses we incur in this respect (see **Condition 17**);

**2.1.14** not to apply for a grant or any other loan in respect of the **Property** or permit the creation of any charge or interest on the **Property** without first obtaining our written consent. If it is a grant from a local authority you will have to ask for our consent. *The reason for this is that the grant may have to be paid back in certain circumstances prior to this Mortgage*;

**2.1.15** not without our consent to sell or transfer the **Property** or any part of it to any other person;

**2.1.16** if the **Property** is leasehold, not to ask your landlord for an extension of the lease, or agree any alteration to it, without our consent (which we will not unreasonably refuse). You must send us a copy of any notice you give or send to or receive from your landlord. If we give our consent you must comply with any conditions we require as a condition of our consent;

**2.1.17** to comply with all **Covenants** which affect the **Property** and send us a copy of any notices you receive from or send to anyone;

**2.1.18** to pay back the **Total Debt** if we give you at least three months' prior

notice in writing in circumstances where we reasonably consider it necessary to do so in order to comply with requirements of our regulators or the need to maintain our regulatory capital. In these circumstances we would not charge any additional **Interest** or other charges, as set out in **Condition 6**.

**2.2** If you fail to perform any of your obligations under these **Conditions**, we can perform them instead of you and pay any money which is necessary to perform them. You agree to pay us any costs and expenses we incur in this respect (see **Condition 17**).

**2.3** You may also be required to pay back the **Total Debt** or any part of it if we are entitled to exercise our **Power of Sale** in any of the circumstances set out in **Condition 3.3** below.

### 3. Powers of the Society

This **Condition 3** sets out the legal powers you give us when you sign your **Mortgage Deed** and highlights some of the consequences if you fail to observe the **Conditions** of your **Mortgage**.

**3.1** If you breach any of your legal obligations under your **Mortgage**, we are entitled to do whatever may be necessary to fulfil those obligations on your behalf in order to protect the value of the **Property**. This may mean that we need to enter the **Property**. If we do so, that does not necessarily mean that we have **Taken into Possession** the **Property**. Except in an emergency, we will give you reasonable notice if we intend to enter the **Property**.

**3.2** Under the Law of Property Act 1925 we have to tell you when the **Total Debt** becomes due and payable. For this purpose the **Total Debt** will become due and payable immediately. You will not be entitled to any payment holiday or to make underpayments unless otherwise stated in your **Mortgage Offer**.

**3.3** We will be able to exercise the **Power of Sale** or appoint a **Receiver** without giving you any notice if you are in breach of any of the **Conditions** of your **Mortgage** or any one of the following happens (and for this purpose therefore the restrictions in Section 103 of the Law of Property Act 1925 do not apply to your **Mortgage**):

**3.3.1** if you do not pay any **Monthly Payment** at the time it is due and payable;

**3.3.2** if a bankruptcy order is made against you or the **Guarantor** (if there is one) or you or the **Guarantor** enters into any arrangement with or for the benefit of the creditors of you or your **Guarantor**;

**3.3.3** if you fail to observe any other **Condition** or Explanation of your **Mortgage** (whether or not you keep up your **Monthly Payments**);

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

**3.3.5** if you give the **Property** to us or if you abandon it;

**3.3.6** if any part of the **Property** is demolished without our consent;

**3.3.7** if any payment which is due under the Insurance is not paid or if the **Property** is not insured by any of these items as security under the **Mortgage**;

**3.3.8** at the end of the notice given under **Condition** 2.1.18.

**3.4** At any time or times after our **Power of Sale** has become exercisable we (or a **Receiver** appointed by us) may do any of the following:

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

**3.4.2** require any tenants or workmen or others who may be in the possession of the **Property** to leave it unless they are there with our consent;

**3.4.3** carry out all the powers which are given to us and the **Receiver** by the Law of Property Act 1925 (except that the restrictions which are imposed by Section 103 of that Act will not apply) or the Insolvency Act 1986;

**3.4.4** accept surrenders of leases and grant or renew leases or tenancies;

**3.4.5** arrange and carry out all repairs, works, alterations, demolition, change of use under **Planning and Housing Acts**, additions, road schemes and developments to the **Property** and to do all such other things as may in our or the **Receiver's** reasonable opinion be necessary or desirable for maintaining or enhancing the value of the **Property** and generally to manage the **Property**;

**3.4.6** employ and also pay persons for carrying out any of these powers at a price or fee and upon any terms;

**3.4.7** let and manage the **Property** (but this will be at your risk);

**3.4.8** put any money which we receive in exercising any of these powers towards any future **Monthly Payments** that become due or towards other money that may be due or become due from you under these **Conditions**;

**3.4.9** at the time that we take possession of the **Property**, or afterwards, remove, store, sell or deal with any furniture or goods that you may have in the **Property** and that you have failed or have refused to remove. In exercising this additional power we will be acting as your agent. We will not be liable for any loss or damage that may occur and you will be responsible for our costs and expenses (see **Condition** 17). In carrying out this power we will not have any right to keep any of these items as security under the **Mortgage**;

**3.4.10** after we have entered into possession of the **Property** or appointed a **Receiver** of it or any part of it, give up possession or remove a **Receiver** if we give notice to you;

**3.4.11** retain all sums allowed to us by way of commission or otherwise. They will belong absolutely to us and we will not be required to give you the commission but we will notify you of any amounts paid to us;

**3.4.12** divide the **Property** as we see fit and sell any part of the **Property** separately. We may also sell the **Property** for a price to be paid in instalments over a period that we shall determine if we believe that we will be able to obtain a better price for the **Property**.

**3.5** As the owner of the **Property**, you may:

**3.5.1** belong to a management company or commonhold association or a tenants' or residents' association. If we have no **Mortgage** over those membership rights when we exercise our **Power of Sale** of the **Property**, you grant us an irrevocable power of attorney by way of security to transfer your membership rights to the purchaser and to keep any payment made for the transfer;

**3.5.2** own a freehold or other interest in another property as part of an arrangement specific to the **Property**. If we have no **Mortgage** over that interest when we exercise our **Power of Sale** of the **Property**, you grant us an irrevocable power of attorney by way of security to transfer your rights to the purchaser and to keep any payment made for the transfer.

**3.6** When the **Property** is sold, either by you or by us, it may not realise enough money to repay your **Total Debt**. If that happens, you must immediately pay us the difference and Interest will continue to be charged on the amount you owe us until we have received payment of the **Total Debt** in full. Your **Guarantor** (if you have one) may also be asked to repay the outstanding amount (see also **Condition** 12).

**3.7** The money that we receive after we have exercised any of the powers contained in these **Conditions** will be used as follows:

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

**3.7.2** second, we will use any remaining money towards repaying the **Total Debt**;

**3.7.3** third, if any money remains after the **Total Debt** has been paid we will pay that surplus money to you or if you are not entitled to it, to the persons who reasonably appear to us to be entitled to it (after making reasonable enquiries). Section 109 of the Law of Property Act 1925 will apply as if the words “not exceeding five per cent on the gross amount of all monies received” were omitted from its subsection (6) and as if subsection (8) (iv) read “in payment of the money whether for interest or otherwise in arrear or accruing due under the mortgage”. (This means a **Receiver**’s remuneration is not limited and alters the method by which a **Receiver** can apply money received).

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

**3.9** All costs and expenses that we pay or incur (or a **Receiver** that we appoint pays

or incurs) in connection with any rights or powers given to us under this **Mortgage** in relation to the **Property** must be repaid by you to us (see **Condition 17**).

**3.10** If we do not immediately exercise any right or power we have under the **Mortgage**, this does not mean that we cannot exercise that right or power in the future.

**3.11** If we are notified of any charge or interest being created in the **Property** then we may open a new ledger in our books for all subsequent receipts or if no such ledger is opened we shall be entitled to treat any subsequent receipts from you as having been credited to a new ledger and not credited to the **Total Debt**. The reason for this is because the grant of the new charge, may in certain circumstances, alter the priorities.

## 4. Interest

**4.1** We will charge and you will pay **Interest**:

**4.1.1** for the whole of the **Interest Period** on the **Total Debt** at the end of the previous **Interest Period**;

**4.1.2** on any **Advance** we lend you during the **Interest Period** from the **Completion Date** of the **Advance** until the end of the **Interest Period**;

**4.1.3** on any costs and expenses or fees which become due from you during the **Interest Period**, in accordance with these **Conditions**.

**4.2** If unpaid **Interest** is capitalised other than at the end of the **Interest Period**, this will be specified in your **Mortgage Offer**.

**4.3** You should note that, if your **Interest Period** is a day (i.e. **Interest** is charged on a daily basis), then you will pay more **Interest** if you choose to make your **Monthly Payment** on a day later than the **Payment Day**.

**4.4** **Interest** for the period from the **Completion Date** of any **Advance** to the last day of that month will be capitalised onto your account. We will advise you of this amount following the release of the **Advance**. This **Interest** will be added to the **Total Debt** if it is not paid by the end of the **Interest Period**.

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

**4.6** We will use any payments you make to us under the **Mortgage** in any **Interest Period** in the following way. First, we will use them to pay the monthly payment. Then we will use any remainder to pay off any arrears followed by any outstanding costs, expenses or fees. Finally, any remaining balance will be used to reduce the **Total Debt**.

## 5. Variation of Interest

**5.1** The **Interest** rate can be changed by us from time-to-time. The ways in which we can change the **Interest** rate are set out in this **Condition 5**.

**5.2** The **Interest** rate can be changed by us giving you notice in writing of the new **Interest** rate and the date on which the **Interest** rate will change.

**5.3** 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):

**5.3.1** to reflect general changes in **Interest** rates;

**5.3.2** to respond to actions of our competitors;

**5.3.3** to maintain an appropriate balance between our investors and borrowers;

**5.3.4** to reflect a change in the risk;

**5.3.5** so that we are able to secure income we believe adequate to ensure that we:

- (a) maintain very high financial security for our investors and borrowers;
- (b) meet the requirements of any regulatory body and any other decision or recommendation made by a court or ombudsman or other body;
- (c) have sufficient resources to support our business, in the interests of all our investors and borrowers;
- (d) to reflect changes to the law, codes of practice or the way we are regulated;

**5.3.6** to reflect changes in the market place;

**5.3.7** to reflect changes in technology;

**5.3.8** to reflect changes in the **Mortgage** account or use of the **Property** or breach of any of these **Mortgage Conditions** from the date of the change in use or breach of the **Mortgage**;

**5.3.9** our costs have increased or are expected to;

**5.3.10** where any **Further Advance** is made to you;

**5.3.11** where there is an adjustment to any insurance arrangement in relation to the **Mortgage**.

**5.4** We will not change the **Interest** rate during the period in which the rate is fixed under a **Special Mortgage Scheme**.

## 6. The Monthly Payment

**6.1** You agree to pay us the **Monthly Payment** (or **Initial Monthly Payment** if applicable) on each **Payment Day** until such time as you have paid the **Total Debt**. You will also need to make a separate arrangement with us to pay off any arrears.

**6.2** Unless agreed with us otherwise and confirmed by us in writing, the amount of the **Monthly Payment** will be calculated based on the amount of the **Total Debt** excluding any arrears and interest on any arrears that are outstanding at the date of calculation. The **Monthly Payment** is based on the **Interest** rate and the **Mortgage Term** shown in the **Mortgage Offer**. You will need to make a separate arrangement with us to repay any arrears.

**6.3** The **Monthly Payment** (or **Initial Monthly Payment** if applicable) may be changed by us from time-to-time by giving you notice in writing:

**6.3.1** when there is a change in the **Interest** rate or a variation to the **Mortgage Term**;

**6.3.2** if you have an **Initial Monthly Payment** and you are in a **Special Mortgage Scheme** and that Scheme ends or we become aware that your chosen repayment vehicle is not adequate;

**6.3.3** when you have received a **Further Advance**;

**6.3.4** if you have made a **Capital Repayment** provided that there is or are no **Interest**, costs, expenses or fees owing to us. If there are, the money will be used to pay them off first;

**6.3.5** when we consent in writing to suspend your **Monthly Payment** for any period or agree to accept a reduced **Monthly Payment**;

**6.3.6** where we wish to recover costs or expenses payable by you under these **Conditions**;

**6.3.7** if we need to ensure that the **Total Debt** is repaid by the end of the **Mortgage Term**;

**6.3.8** by agreement with you.

**6.4** The **Monthly Payment** may be rounded up to the next pound.

## 7. Repaying your Mortgage early

**7.1** If you wish, you may repay all or part of your **Advance** before the date on which we originally agreed that the **Mortgage** would end. If you wish to repay all of your

**Advance** before that date you will need to pay the **Total Debt**.

**7.2** You will also be required to pay to us **Interest** calculated up to the day of receipt by us of the repayment money, or as otherwise specified in the **Mortgage Offer**.

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

## 8. Redemption

If we release your **Mortgage** in error (because, for example, we miscalculate the amount of the **Total Debt**) we may claim from you any amount still owing. However, we will not be entitled to do this if:

**8.1** we do not give you notice in writing within three months of the date of release (unless you were, or your **Guarantor** was, aware of the mistake at the time of the release); or

**8.2** you can show that you have materially changed your financial position as a result of the error, at a time when you were not aware of it and as a result you are unable to pay the difference.

## 9. Insurance cover

**9.1** The **Property** must be fully and adequately insured for at least the minimum sum we require from time-to-time. The minimum sum will be the reinstatement value of the **Property**, as is determined by any surveyor we instruct (acting reasonably). You are responsible for paying the premiums. You are also responsible for ensuring that there is adequate insurance cover on your **Property** at all times.

**9.2** As we do not usually insure the **Property** on your behalf you must, if we ask for it, show us on demand such documentation relating to the insurance policies as we may reasonably require.

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

**9.4** If we insure the **Property** you will have to pay the premiums. If you fail to pay these amounts, they will be added to the **Total Debt** and **Interest** will be charged on them.

**9.5** If we arrange any Insurance policy on your behalf we may retain any sums we receive, whether as commission or otherwise, from the insurance company. We will not pay any of this money to you unless required by law to do so.

**9.6** Money paid as a result of any buildings insurance claim must be used either towards repayment of the **Total Debt** or to repair or rebuild the **Property**. If payment is made directly to you, this money is held by

you in trust for us (i.e. on our behalf) and we will specify how the money is to be used.

**9.7** If you or any of your family or associates act in such a way that the insurers cancel your policy, we will have the right to demand repayment of your **Total Debt** and/or **Take the Property into Possession**.

**9.8** You are responsible for telling your insurers about any changes in circumstances which may affect your insurance cover. You must also inform us immediately of any material change in the nature or scope of your insurance cover or of any circumstance affecting or likely to affect the validity of any insurance policy relating to the **Property**.

**9.9** Insurance arrangements must be made under the following conditions:

**9.9.1** you must pay to us any administration fee if requested in accordance with **Condition 17.2**;

**9.9.2** you must pay all the premiums and other insurance charges;

**9.9.3** should we ask you to do so, you must give us receipts to show that the premiums are being paid;

**9.9.4** you must allow us to pay any insurance premiums which you fail to pay;

**9.9.5** you must deposit the insurance policy with us, if we ask you to do so. For the purpose of this **Condition** section 108 (1) and (2) of the Law of Property Act 1925 shall not apply to this **Mortgage**. This means that the amount of any insurance effected by us or our ability to effect any insurance will not be restricted.

## 10. Interest Only Mortgages

**10.1** If we allow you to pay your **Mortgage** (or any part of it) on an **Interest Only** basis you must at the end of the **Mortgage Term** repay the **Total Debt** to us from your own resources.

**10.2** We will require you to provide us with evidence of the adequacy of your repayment method before we will issue an offer, and at such other times as we determine thereafter. If we deem that an adequate repayment method is not in place we will, subject to us undertaking a financial review of the circumstances in accordance with our responsible lending policy, convert your **Mortgage** to a **Repayment Mortgage** in order that your **Monthly Payment** will comprise capital as well as **Interest**. We will give you not less than 30 days' written notice of such conversion.

**10.3** It is your responsibility to check that any repayment vehicle is appropriate to your circumstances and future intention and is adequate to redeem your **Mortgage** at the end of the **Mortgage Term** and that there is sufficient life cover in the event of your death. If there are insufficient funds you will have to pay **Interest** until the **Total Debt** is repaid.

**10.4** You must notify us immediately should any event occur which may materially impact on the adequacy of your repayment strategy.

## 11. Leasehold Property

**11.1** You must ensure you pay all service charges and ground rent promptly to your landlord and comply with all covenants affecting the property. If there is a dispute you must inform us immediately. We may pay your landlord any monies due to prevent your landlord from entering into possession of your **Property**. You agree to pay us any costs and expenses we incur in this respect (see **Condition 17**).

**11.2** If the **Property** is leasehold there will be included in the **Mortgage** any extended lease which may be granted to you in substitution for the original lease.

## 12. Guarantors

**12.1** Your **Mortgage Offer** may require you to provide a **Guarantor** for your **Mortgage**. By signing the **Mortgage Deed** the **Guarantor Covenants** to pay your **Total Debt** if you fail to do so. These **Conditions** apply equally to the **Guarantor** as they do to you. The **Guarantor** will be given a copy of these **Conditions** and will sign your **Mortgage Deed**.

## 13. Transfer of the Mortgage

**13.1** We may at any time transfer some or all of our rights under the **Mortgage** to any person, whether or not a Building Society. 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.

**13.2** In connection with such a transfer:

**13.2.1** if it is to a person who is not a Building Society, the Rules of the Society will cease to apply;

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

**13.2.3** unless the terms of the transfer state otherwise, the person to whom we transfer the **Mortgage** will be able to exercise all the rights and powers that we could exercise before the transfer.

**13.3** This **Condition** does not apply to a transfer of the **Mortgage** on a merger between us and another Building Society, or to a transfer of our business to a company.

## 14. Transfer of Property subject to Mortgage

**14.1** You may, subject to these **Conditions** and our consent (on which we may impose conditions), sell or otherwise transfer the **Property** subject to the **Mortgage**.

**14.2** Upon such a sale or transfer, you must pay to us all sums then owing (or such lesser amount as we may decide) under the **Mortgage**.

**14.3** The purchaser or transferee shall, from the date of the transfer, become answerable to us for all your liabilities arising under the **Mortgage**. If so, we may release you at your expense. The transferee shall not

be registered in our records nor will you be released from your obligations to us unless:

**14.3.1** the requirements of **Conditions** 14.1 and 14.2 have been fulfilled;

**14.3.2** the deed by which the **Property** has been transferred and such further deeds, if any, as we may require (including a promise by the purchaser or the transferee to comply with these **Conditions**) have first been approved by or on behalf of us, without cost to us; and

**14.3.3** such deed or deeds have been deposited with us.

## 15. Other Rights

**15.1** So far as you can (but only until the time when the **Total Debt** is repaid) you:

**15.1.1** assign to us all **Other Rights** that you have or may be entitled to have. This will include copyright in any designs or plans made in respect of the **Property**;

**15.1.2** agree that you will hold all **Other Rights** on our behalf;

**15.1.3** appoint us irrevocably to be your attorney to act for you to do the following:

- (a) to do all such things to assess, agree, obtain, enforce and recover **Other Rights**;
- (b) to give any notices or counter notices in relation to **Other Rights**;
- (c) to carry out or enforce any right in respect of the **Property** which you may have by law or which you may have or

become entitled to against any local authority or other body.

**15.2** Any money received in respect of **Other Rights** must be used to reduce the **Total Debt** unless we tell you in writing that it can be used to restore or improve the **Property**.

## 16. Borrowers with a Mortgage on more than one Property

If you have more than one **Property** mortgaged to us this **Condition** 16 applies to you.

**16.1** If you wish to pay off the loan secured on any of your properties you may at the same time have to pay the **Total Debt** secured on all or any of your other properties if we require you to do so, before we release the **Property** from the **Mortgage**. Section 93 of the Law of Property Act 1925 will not apply to the **Mortgage**.

**16.2** This **Mortgage** is security for all sums due and payable to the Society at any time, including all sums secured pursuant to any other **Mortgage**, so that the Society shall be entitled to apply any proceeds of sale of the **Property** to repayment of the **Total Debt** on the proviso that we first discharge the **Mortgage**.

**16.3** To the extent there is a shortfall on the repayment of the **Mortgage**, we shall be entitled to recover any shortfall from the proceeds of sale of any property mortgaged to us.

**16.4 Conditions** 16.1, 16.2 and 16.3 above do not apply to money which is owing to us under a loan which is a regulated agreement as defined by the Consumer Credit Act 1974, unless the appropriate requirements of the Act have been complied with.

## 17. Costs, Expenses and Fees

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

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

**17.1.2** you must pay them to us in full, unless you can show that they are unreasonable; and

**17.1.3** if you do not pay them to us within seven days of the date of our written notice, they will be added to the **Total Debt** and **Interest** may be charged on them from the date the notice is given.

**17.2** We may charge fees for items relating to the making of a **Mortgage** loan, the operation of your account, the storage of title deeds or the mortgaged **Property**. The fees will reflect expenses we incur and the cost of staff time and the use of our office and computer facilities. You must pay any fee we charge under this **Condition** 17.2 as soon as we give you written notice to pay it. If you do not pay it within seven days of the date of our written notice, **Interest** may be charged on it from the date the notice is given. We will tell you about our current fees in our Tariff of mortgage fees and can change our fees as follows:

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

- (a) to reflect changes in expenses we incur or are expected to incur in costs relating to the fee;
- (b) to maintain an appropriate balance between our investors and borrowers;
- (c) to reflect changes in technology;
- (d) to meet the requirements of any relevant regulatory body or decision or recommendation taken by a court or ombudsman or other body;
- (e) to reflect changes to the law, codes of practice or the way we are regulated.

**17.2.2** 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:

- (a) by letter or other personal notice; or
- (b) by sending you a copy of our Tariff of mortgage fees.

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

**17.3** If you make any payment by cheque, it must be made payable to the name of the Borrower rather than to Bath Building Society.

## 18. What do you do if you are having trouble making your Mortgage payments

**18.1** If you are having problems making your **Monthly Payments** we may be able to help you. Whenever you think you may have a problem it is important to contact our Head Office. We can sometimes defer a **Monthly Payment**. This means that your **Total Debt** may increase and your **Mortgage Term** may also increase. We may be able to make special arrangements allowing you to alter the amount and timing of your **Monthly Payments** or make other agreed variations to the type or **Mortgage Term**.

**18.2** You must remember that if any help is given to you this does not release you from any of the **Conditions** of your **Mortgage**. It is particularly important to realise that any special arrangement that we might make does not affect our rights over the **Property** including the right to exercise our **Power of Sale** together with the right to collect from you the **Total Debt**. If you have a **Guarantor** any special arrangement made by ourselves will not alter the **Guarantor's** legal responsibility to repay your **Total Debt** should you fail to do so.

**18.3** It is your responsibility to satisfy yourself as to the effect of any special arrangement on your **Mortgage Term**, the **Total Debt** and/or the amount of your **Monthly Payments** or Initial **Monthly Payments**.

**18.4** You must notify us immediately should any event occur or your circumstances

change in any way which may affect your ability to make the **Monthly Payments**. This includes (but is not limited to) retirement, ill-health or any significant reduction in your income.

## 19. Notices

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

**19.2** If we send a notice in the post you are deemed to have received it by the time specified in the Society's Rules or, if the Rules no longer apply (by virtue of **Condition** 13.2), 48 hours after we have posted it regardless of the class of post used.

**19.3** If there is more than one of you, a notice given to one of you will be treated as having been given to all of you.

**19.4** If we serve a notice on you this is as good as if we had served it on the **Guarantor** as well.

**19.5** If we, accidentally, fail to:

**19.5.1** send to you a communication intended for our **Borrowers** generally or a category of our **Borrowers** of which you are one; or

**19.5.2** display a notice at our Head Office or any Branch this will not make the notice invalid.

## 20. Further Loans

Although we are not obliged to make any further loans to you the **Mortgage** has the effect of securing any **Further Advance** that we may make to you.

## 21. Set off

We shall have the right to set off sums held by you in share or deposit accounts with us against any payments due to us under the **Mortgage** that are more than two months overdue or against any amount of your **Total Debt** that remains outstanding after we have sold the **Property**.

## 22. Legislation

Any reference to an Act of Parliament includes reference to that Act as amended or replaced.

We are participants of the Financial Ombudsman Service. We have a complaints procedure which we will provide on request. Most complaints that we cannot resolve can be referred to the Financial Ombudsman Service.

We're different  
because you are

**Head Office:**

15 Queen Square,  
Bath BA1 2HN.

**Telephone:**

01225 475719

**Fax:**

01225 424590

**Email:**

[mortgages@bibs.co.uk](mailto:mortgages@bibs.co.uk)

**Web:**

[www.bathbuildingsociety.co.uk](http://www.bathbuildingsociety.co.uk)

Telephone calls may be recorded to help the Society to maintain high standards of service delivery.

Your home may be repossessed if you do not keep up repayments on your mortgage. Think carefully before securing other debts against your home.

Bath Investment & Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority, Registration Number 206026. Buy to Let and Holiday Let mortgages are not generally regulated.



We're different because you are