

# Standard Mortgage Terms and Conditions

Isle of Man branch

**Effective from 08 September 2023**  
**Please read and keep for future reference**

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## Introduction

Santander International is the registered business name of Santander Financial Services plc, acting through its Isle of Man Branch in relation to accounts located in the Isle of Man, and acting through its Jersey Branch in relation to accounts located in Jersey.

This document contains conditions which apply to the mortgage. Other terms which apply to the mortgage are set out in the mortgage application form, the mortgage offer document, the mortgage deed and any other document you sign in connection with the mortgage which expressly provides that it contains conditions which you are legally bound by.

These conditions and any communications we make with you concerning your mortgage will be in English.

It is important that you read each document that contains terms and conditions that apply to the mortgage and fully understand them before you accept the mortgage offer. Once you have accepted the mortgage offer, you will be legally bound to comply with the terms and conditions. You should ask your Advocate to explain anything you do not understand in the documents that we provide in relation to the mortgage.

You may request a copy of these conditions and our tariff of mortgage charges at any time.

**IMPORTANT: YOUR HOME MAY BE AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

**WE RECOMMEND YOU KEEP THIS BOOKLET AND ANY OTHER DOCUMENTS WHICH RELATE TO THE MORTGAGE SAFE IN CASE YOU NEED THEM FOR FUTURE REFERENCE.**

## 1 Definitions

- 1.1 In these Conditions some words have a special meaning. These words and what they mean are set out below:
- 1.2 'Additional Loan' means the amount We lend You under any Additional Loan Offer mentioned in the definition of Offer below;
- 1.3 'Additional Security' means any of the following:
- a) Your rights under any agreement, option, Guarantee or Indemnity which concerns:
    - (i) the Property;
    - (ii) the way the Property is built; or
    - (iii) the Condition of the Property.
  - b) any shares or other membership rights which You hold in a management company or residents' association by virtue of owning the Property;
  - c) all rights and remedies You have concerning the Property (including any which arise from damage to it or a drop in its value or any rights to compensation); and
  - d) the benefit of any policy which provides insurance against any of the following risks:
    - (i) a defect in the title to the Property;
    - (ii) someone enforcing a right against the Property; or
    - (iii) the court setting aside or varying an earlier transaction concerning the Property.
- However, the 'Additional Security' does not include any contract (such as a Mortgage Indemnity policy) which allows Us to recover any loss We suffer when Our security is realised;
- 1.4 'Arrears' means any interest or Capital which remains unpaid after it falls due for payment;
- 1.5 'Arrears Tariff' means Our Arrears and litigation tariff of charges, as published by Us from time to time, which sets out the main Fees We charge for taking any actions of the kind mentioned in Condition 31.3.
- 1.6 'Associated Company' means any company which is:
- a) a subsidiary of Ours;
  - b) Our holding company; or
  - c) a subsidiary of Our holding company;
- and 'holding company' and 'subsidiary' have the same meanings in this paragraph as they do in section 1159 of the United Kingdom Companies Act 2006;
- 1.7 'Base Rate' means, in any Base Rate Period, the Interest Rate equal to:
- a) the Bank of England's official bank rate (the rate sometimes referred to as its 'Base Rate'); or
  - b) any replacement rate which We specify under Condition 15.1;
- at 11:00 hours on the last day of the preceding Base Rate Period;
- 1.8 'Base Rate Period' means each Monthly period starting at 00.00 hours on the third day of the Month and ending at 24.00 hours on the second day of the following Month;
- 1.9 'Capital' has the meaning given in Condition 16.1;
- 1.10 'Capital Payment' means an Extra Payment which (because it satisfies the requirements in Condition 10.4) reduces the Money You Owe Us;
- 1.11 'Charge Period' means the period (if any) specified in the Offer during which an Early Repayment Charge is payable;
- 1.12 'Completion Date' means the date on which the Mortgage Deed takes effect;
- 1.13 'Conditions' means the Conditions that are set out in this document;
- 1.14 'Early Repayment Charge' means any charge which the Offer requires You to pay if You repay some or all of a Loan or Loan Part before the end of any Charge Period which the Offer specifies for that loan or Loan Part;
- 1.15 'Extra Payment' has the meaning given in Condition 10.1;
- 1.16 'Fees' has the meaning given in Condition 31;
- 1.17 'Follow-on Rate' means a Tracking Rate which, if the Offer so provides, will apply to all or part of the Capital after the end of an initial product period specified in the Offer. The Tracking Differential we use to arrive at the Follow-on Rate will be stated in the Offer;
- 1.18 'General Tariff' means Our tariff of Mortgage charges, as published by Us from time to time, which sets out Our Fees for providing You with the main services You may request from Us under the Mortgage.

- 1.19 'Gold Bank Account' means the Gold Bank Account opened by You with Us, as a condition of the Offer made to You, the operation of which is governed by separate terms and conditions provided to You;
- 1.20 'Guarantee' means a Guarantee or Indemnity which applies to any of Your obligations under the Mortgage Documents;
- 1.21 'Incentive Product' means any product described as such in the Offer (for example, a product which provides for a lower rate of interest or an interest payment holiday);
- 1.22 'Indemnity' means an arrangement under which one person agrees to make good loss or damage which has been or may be suffered by another person;
- 1.23 'Interest-Only Scheme' means any scheme which applies under the Offer and which provides that:
- a) some or all of the Capital You owe will be repaid at the end of the Repayment Period out of the proceeds of an investment or savings account or plan, a life assurance or endowment policy, or a pension policy; or
  - b) the repayment of some or all of the Capital You owe will be postponed until the end of the Repayment Period;
- 1.24 'Interest Period' means:
- a) the period from the Completion Date until 24.00 hours on the day before the first Payment Date; and
  - b) each subsequent period starting at 00.00 hours on a Payment Date and ending at 24.00 hours on the day before the next Payment Date;
- 1.25 'Interest Rate' means the rate or rates of interest We charge from time to time under the Mortgage Documents;
- 1.26 'Lease' includes a Lease, sub-Lease or tenancy and an agreement for a Lease, sub-Lease or tenancy.
- 1.27 'Let' (when used to refer to the Property) means that a Lease of the Property or part of the Property is in existence;
- 1.28 'Loan Part' means a part of a loan which is shown separately in the Offer (for example where different Interest Rates or payment methods apply to different parts of a loan); Your Annual Mortgage Statement will show if You have more than one Loan Part on Your Mortgage.
- 1.29 'Loan To Value Ratio' means the amount secured by a Mortgage of any new Property expressed as a percentage of the value of that Property;
- 1.30 'Money You Owe Us' means all the money You owe Us under the Mortgage Documents including any Arrears or unpaid Fees
- 1.31 'Month' means a calendar Month;
- 1.32 'Monthly Payment' means the Monthly Payment stated in the Offer, or any changed Monthly Payment which applies under Condition 9.1;
- 1.33 'Mortgage' means the rights You give to Us over the Property and the Additional Security as security for the Mortgage Debt;
- 1.34 'Mortgage Account' means the account We keep for recording debits and credits under the Mortgage Documents from time to time;
- 1.35 'Mortgage Debt' means the total of the following:
- a) the Money You Owe Us; and
  - b) any other money which the Mortgage Deed secures under Condition 6.1.
- 1.36 'Mortgage Deed' means the legal document incorporating the Conditions which You sign to give Us a Mortgage. (called in the Isle of Man a Deed of Conditional Bond and Security or a Legal Charge);
- 1.37 'Mortgage Documents' means the Mortgage Deed, these Conditions, any terms in the Offer which continue to apply after We make the loan mentioned in the Offer, the terms of the declaration in the Mortgage application, and any special Conditions relating to the Mortgage which are agreed in writing between You and us;
- 1.38 'Offer' means:
- a) the document (known as a 'Mortgage Offer') which contains Our Offer to lend You money under the Mortgage Documents; and
  - b) any document (known as an 'Additional Loan Offer') which contains an Offer from Us to make You a further advance under the Mortgage Documents.
- In each case, references to the Offer include any changes We make to the Offer terms before the Offer becomes binding, and any changes which You and We agree in writing after that;

- 1.39 'Payment Date' means the day of the Month determined under Condition 8.1, or any changed Payment Date which applies under Condition 8.2;
- 1.40 'Property' means all or part of the Property described in the Mortgage Deed, including all buildings, fixtures and additions;
- 1.41 'Rebuilding Cost' means the full cost of rebuilding the Property, including:
- all professional Fees (e.g. architects; surveyors' and engineers' Fees);
  - all other costs of reinstating the Property to its previous Condition; and
  - a reasonable allowance for inflation while the Property is being reinstated.
- 1.42 'Related Person' means a person who is Your spouse or civil partner (or someone, whether or not of the opposite sex, whose relationship with You has the characteristics of the relationship between husband and wife), or Your brother, sister, child, grandchild, parent or grandparent.
- 1.43 'Repayment Period' means the term shown in the Offer within which the Money You Owe Us must be repaid by you;
- 1.44 'Standard Variable Rate' or 'SVR' means the rate of interest which We publish as Our Standard Variable Rate. We use Our Standard Variable Rate as the basis for setting the rate We charge in all cases where:
- the loan is a personal Mortgage loan; and
  - the terms which for the time being apply to the loan provided that the Interest Rate will only change if and when We decide to change it.
- We can change the Standard Variable Rate under Conditions 14.2 or 14.3;
- 1.45 'SVR Differential' means any rate We add to, or take away from, the Standard Variable Rate to arrive at the Variable Rate. If an SVR Differential applies, it will be stated in the Offer;
- 1.46 'Tracking Differential' means the percentage which We add to or subtract from the Base Rate to arrive at the Tracking Rate. The Tracking Differential will be specified in the Offer;
- 1.47 'Tracking Rate' means the higher of the following two rates:
- the Base Rate plus or minus the tracking differential; and
  - 0.0001% p.a.;
- 1.48 'Transferee' means any person to whom We transfer any of the rights or obligations We have under the Mortgage Documents or under Our charge over the Additional Security;
- 1.49 'Variable Rate' means the Standard Variable Rate or (if an SVR Differential applies) the Standard Variable Rate plus or minus the SVR Differential. We may change the Variable Rate by changing the Standard Variable Rate under Conditions 14.2 or 14.3;
- 1.50 'We', 'Our' or 'Us' means or relates to:
- Santander Financial Services plc or its successors and assigns (whether legal or equitable or beneficial); and
  - any other person who for the time being has the benefit of the Mortgage or Our charge over the Additional Security;
- 1.51 'Year' means a Year from 00.00 hours on 1 January to 24.00 hours on 31 December; and
- 1.52 'You' or 'Your' means or relates to:
- the person(s) named as the borrower in the Mortgage Deed and their successors; and
  - anyone (other than a guarantor) who agrees to discharge any of the borrower's obligations.

## **2 Interpretation and application**

- 2.1 These Conditions include any terms of the Offer which continue to apply after We make the loan mentioned in the Offer.
- 2.2 The singular includes the plural and the other way round.
- 2.3 Conditions are given whole numbers. Conditions are divided into paragraphs, which are given decimal numbers. Paragraphs are divided into subparagraphs, which are given Letters. (For example, 'Condition 4.1(a)' refers to subparagraph (a) of paragraph 1 of Condition 4.)

## **3 Acting in joint names**

- 3.1 If there are more than one of You, the terms of the Mortgage Documents (including these Conditions) apply to all of You together and to each of You on Your own. You are individually responsible for complying with the terms of the Mortgage Documents. If there are more than two of You, the terms of the Mortgage Documents also apply to any combination of You.
- 3.2 Unless and until You (or any of You) notify Us to the contrary in writing:

- a) You authorise each other to agree to any amendments to the Mortgage Documents in writing and agree with each other that You will not individually be required to approve any such amendments; and
  - b) We will accept signatures, instructions or notices under these Conditions from any one of You and will act upon such signatures, instructions or notices as if they were from all of You. The signatures, instructions and notices referred to in this subparagraph include those relating to any Additional Loan, the Additional Security and amendments to the Conditions.
- 3.3 Each of You is responsible for repaying the Money You Owe Us and not just a part of it and if any of You fail to comply with any of the Conditions We may enforce the Conditions against all or any of You.
- 3.4 If We give You a notice under Condition 38 or send You a Mortgage statement by post, We may do so by sending one copy of the notice or Mortgage statement addressed to all of You jointly.
- 3.5 If Your relationship with each other ends, You must ensure that You continue to comply with the Conditions and continue to make the Monthly Payments and ensure the Money You Owe Us is repaid.

#### **4 Withdrawal of Offer**

- 4.1 We may withdraw an Offer in the following circumstances:
- a) if any information You have provided in relation to the Property or Your financial circumstances is materially false or inaccurate; or
  - b) if Your financial circumstances change in a way which in Our reasonable opinion makes it difficult for You to comply with Your obligations under the Mortgage Documents.

#### **5 Our agreement**

- 5.1 You agree to carry out Your obligations under the Mortgage Documents and We agree to carry out Ours.
- 5.2 In addition to the rights You and We have under the Mortgage Documents, You and We have rights implied by law which may not be stated in the Mortgage Documents but will apply to the Mortgage unless they have been expressly excluded in the Mortgage Documents.
- 5.3 In the event of any inconsistency:
- a) any special terms agreed between You and Us in writing prevail over the rest of the Mortgage Documents;
  - b) the terms in the Offer prevail over the Mortgage Deed and these Conditions; and
  - c) the terms of the Mortgage Deed prevail over these Conditions.

#### **6 Scope of security**

- 6.1 The Mortgage Deed secures:
- a) the Money You Owe Us; and
  - b) the money which You (or any one or more of You) owe Us under any other agreement which expressly states that it is to be secured by the Mortgage Deed.
- 6.2 Until the money mentioned in Condition 6.1 has been repaid in full, We will not be obliged to release any Property which We hold as security for money We have lent You, or any one or more of You.

#### **7 Payments You must make**

- 7.1 You agree to pay Us:
- a) the Monthly Payment each Month; and
  - b) the Money You Owe Us in full, by the end of the Repayment Period.
- 7.2 You agree to make the Monthly Payments by direct debit unless You get Our written consent to making them by some other method (see Condition 23). The direct debit will be taken from Your Gold Bank Account. We may change the method for making the Monthly Payments at any time by giving You not less than 30 days' notice in writing. We will only do this if:
- a) the existing method becomes obsolete; or
  - b) the changed method will be quicker, cheaper or more reliable than the existing one.

- 7.3 We will work out the Monthly Payment so as to provide that:
- a) You pay interest only on any Capital which is covered by an Interest-Only Scheme; and
  - b) any Capital which is not covered by an Interest-Only Scheme is repaid with interest by the end of the Repayment Period.
- 7.4 a) You are responsible for repaying any Capital which is covered by an Interest-Only Scheme by the end of the Repayment Period.
- b) if You have chosen to meet Your obligations under Conditions 7.4(a) by selling the Property, You are responsible for ensuring that the Property is sold by the end of the Repayment Period and that You repay all the Money You Owe Us by then.
- 7.5 Without limiting any other rights We have under the Mortgage Documents, if at any time You are in Arrears with the Monthly Payments payable by You under an Interest-Only Scheme, and the amount in Arrears is equal to at least two of those Monthly Payments, We may give You notice:
- a) cancelling the Interest-Only Scheme; and
  - b) increasing the Monthly Payment so that it provides for the Capital which was covered by the scheme to be repaid with interest by the end of the repayment period.
- 7.6 We may divide the Mortgage Account into different parts, for example, in circumstances where different repayment terms apply to different parts of the Money You Owe Us.
- 7.7 a) If the Mortgage Deed is discharged before You have repaid the Mortgage Debt in full, We may give You written notice requiring You to pay Us the amount which You still owe, plus interest until full repayment.
- b) Condition 7.7(a) applies even if We gave You a receipt or other confirmation when the Mortgage Deed was discharged which stated that the Mortgage Debt had been repaid in full.
- c) Subject to Condition 7.7(d), We will lose the right to recover any amount You still owe if We do not give You written notice of Our claim within three Months after discharge of the Mortgage Deed.
- d) The time limit in Condition 7.7(c) does not apply if We discharged the Mortgage Deed under a mistake and You caused the mistake or knew about it at the time.
- e) Nothing in Condition 7.7(a) and (b) above prevents You from pursuing any claim which You may have against Us if You suffer loss as a result of any mistake We make in calculating the amount required to discharge the Mortgage Deed.
- ## 8 Payment Date
- 8.1 You must pay the Monthly Payment on the Payment Date in every Month. The Payment Date is determined as follows:
- a) The first Payment Date will be the date We notify to You after the Completion Date;
  - b) Unless the Payment Date is changed under Condition 8.2, the Payment Date after the first Payment Date will be the day of the Month which You notify to Us before the Completion Date as Your chosen Payment Date (which may be any day other than the 29th, 30th or 31st of the Month). If You do not notify Us of Your chosen Payment Date before the Completion Date, We will set the Payment Date for You and notify You.
- 8.2 We will change the Payment Date to another day in the Month if:
- a) You request Us to make the change and:
    - (i) Your request asks Us to change the Payment Date to a day other than the 29th, 30th or 31st of the Month; and
    - (ii) You have made no more than three previous requests to change the Payment Date during the last 12 Months;
  - b) We are required to do so due to an essential change to the running of Your Mortgage Account.
- 8.3 If the Payment Date changes under Condition 8.2, We will write to tell You when the changed Payment Date will come into effect, and how this affects the Monthly Payment. The first Monthly Payment You make after the changed Payment Date may be a larger or smaller amount than Your usual Monthly Payment (depending on whether the interval between the last of the old payments dates and the first of the new ones is longer or shorter than normal).



## 9 Monthly Payment

- 9.1 We may change the Monthly Payment at any time by giving You notice. The change will come into effect on the date stated in the notice (which will not be earlier than the date when We give the notice).
- 9.2 We may change the Monthly Payment for any of the following reasons:
- a) if an interest-free period has begun or come to an end;
  - b) if the Interest Rate has changed (however long ago the change came into effect);
  - c) if the Interest Period has changed upon a change in the Payment Date (however long ago the change came into effect);
  - d) if We have made You an Additional Loan or released any part of a loan which We were keeping back;
  - e) if the Capital has increased because:
    - (i) We have added any Arrears to Capital under Condition 16.1(c); or
    - (ii) We have added any unpaid Fees to Capital under Condition 31.5(e)
  - f) if You make a Capital Payment under Condition 10.4;
  - g) if You have paid Us less or more than is necessary to ensure that the Money You Owe Us is repaid within the Repayment Period (this applies even if We have made a mistake in working out the Monthly Payment but You will be entitled to pursue any claim which You may have against Us if You suffer loss as a result of Our mistake);
  - h) if We have cancelled an Interest-Only Scheme; or
  - i) if We have applied, changed, or cancelled any other arrangement or concession permitting You to suspend the payment of Capital and/or to defer the payment of interest on any part of the Capital.
- 9.3 If in any Month We change the Monthly Payment to reflect a change which occurred in a previous Month in the Interest Rate or in the amount of Capital outstanding, We may reduce or increase the first of the new Monthly Payments to take account of any interest You have overpaid or underpaid as a result of making the old Monthly Payment.

## 10 Extra Payments

- 10.1 This Condition applies if the amount credited to the Mortgage Account at any time is more than the amount which You had to pay by then. The difference between the two amounts is referred to as the 'Extra Payment'.
- 10.2 If You make an Extra Payment, it will not oblige Us to recalculate the Monthly Payment. Nor will it affect Your obligation to pay the Monthly Payment at Monthly intervals under Condition 7.1.
- 10.3 If You make an Extra Payment:
- a) We will first use the Extra Payment to reduce or pay off any part of the Money You Owe Us which is overdue at the date of the Extra Payment.
  - b) If the requirements of Condition 10.4 are satisfied, We will treat the Extra Payment as a Capital Payment received for the credit of Your Mortgage Account, so that it will immediately reduce the Capital under Condition 16.1.
  - c) if the requirements of Condition 10.4 are not satisfied, We will be unable to treat the Extra Payment as money received for the credit of Your Mortgage Account. Instead, We will keep the Extra Payment (but without paying You any interest on it) and put it towards Your subsequent Monthly Payments.
- 10.4 You may reduce the Money You Owe Us at any time by making a Capital Payment. If You wish to make a Capital Payment, You must:
- a) tell Us that You want to make a Capital Payment, when You want to make it and how You want it to be applied;
  - b) make the payment by one of the following methods: by online payment from Your bank account, by card payment to Us, by direct debit, by bank transfer or by cheque;
  - c) ensure that, if You make the payment by cheque, You write Your Mortgage Account number, name and address and the words 'Capital Payment' on the back of the cheque and send the cheque to the Mortgage operations site administering Your Mortgage Account.

## 11 Early Repayment Charge

- 11.1 If the Offer states that You may have to pay an Early Repayment Charge if You repay some or all of a loan or Loan Part during the Charge Period which applies to that loan or Loan Part, You will have to pay the Early Repayment Charge if any of the following things happen before the end of the Charge Period:
- a) other than in the circumstances set out in Condition 11.2, You repay some or all of the loan or Loan Part to which the Early Repayment Charge applies;
  - b) We agree to a request from You to apply a different Interest Rate to the loan or Loan Part to which the Early Repayment Charge applies;
  - c) We agree to a request from You to reduce the term of the Mortgage; or
  - d) the Property is sold by You or Us or by another of Your creditors.
- 11.2 The circumstances mentioned in Condition 11.1(a) are as follows:
- a) where You make a regular Monthly Payment;
  - b) where in any Year, You make one or more Capital Payments which have the effect of repaying not more than 10% of the Capital (calculated at the beginning of the Year) owing in respect of the loan or Loan Part to which the Early Repayment Charge applies; or
  - c) if the Money You Owe Us is repaid upon Your death.

## 12 Interest We charge

- 12.1 We will charge interest at the Tracking Rate, Variable Rate or other Interest Rate which applies under the Offer and these Conditions.

## 13 Interest at a Tracking Rate

- 13.1 The Tracking Rate (including any Follow-On Rate) will change on the first working day of the Month which immediately follows the Month in which the Base Rate changes and by the same amount as any change in the Base Rate. If and for so long as the Offer provides for interest to be charged at a Tracking Rate on any part of the Capital, We will give You written notice of any change in the Tracking Rate at the same time as We give You notice of Your changed Monthly Payment under Condition 9.1.

## 14 Interest at a Variable Rate

- 14.1 This Condition applies if and for so long as the Offer provides for interest to be charged at a Variable Rate on any part of the Capital.
- 14.2 We may change the Standard Variable Rate at any time for one or more of the following reasons:
- a) to maintain the competitiveness of Our personal banking business, taking account of actual or anticipated changes in the Interest Rates which other financial institutions charge to personal Mortgage borrowers;
  - b) to reflect actual or expected changes in the cost of the funds We use in making loans to Our personal Mortgage borrowers;
  - c) to ensure that Our business is run in a way which complies with the requirements of Our regulator or of any central bank or other monetary authority.
- We will give You notice of the change as soon as possible after We have taken a final decision to make the change. The change will come into effect on the first working day of the Month which immediately follows the Month in which the decision is made, which will be the date stated in the notice, and which will not be earlier than the date when We give the notice.
- 14.3 We may also increase or reduce the Standard Variable Rate under this Condition at any time for any other valid reason. If We do so:
- a) We will give You written notice of any change to the Standard Variable Rate at the same time as We give You notice of Your changed Monthly Payment under Condition 9.1;
  - b) the notice will say that We are making the increase or reduction under this paragraph;
  - c) the notice will say if We are increasing the Standard Variable Rate to reflect a change in the Base Rate;

- d) if We are increasing the Standard Variable Rate then, unless Our notice says that We are making the increase for the reason mentioned in subparagraph (c) above, You will be entitled to repay all the Money You Owe Us or (if You choose), the part of the Capital to which the increase applies, within three Months from the date on which the increase takes effect, without paying any Early Repayment Charge or other fee that would otherwise apply.
- (ii) Any Arrears which are transferred to Capital under subparagraph (c) below and any unpaid Fees which are transferred to Capital under Condition 31.5(e) will increase the Capital on the day the transfer takes place.
- (iii) Any item of unpaid Capital which is transferred to the Arrears balance under subparagraph (b) (ii) below will reduce the Capital at the time the transfer takes place.

## 15 Substituting a different Base Rate

15.1 We may, by giving You not less than seven days' written notice, specify a new rate of interest as the Base Rate if the Bank of England's official bank rate ceases to exist, or if any other rate which We have previously specified under this paragraph ceases to exist. Any rate of interest which We specify under this paragraph will be either:

- a) the nearest equivalent lending rate set by the Bank of England or (if the Bank of England itself ceases to exist) by any central bank which replaces the Bank of England; or
- b) (if such a rate cannot be identified or is not widely used as a basis for setting Interest Rates in the United Kingdom) the average Base Rate of two or more major banks chosen by Us which:
- (i) are not associated companies of Ours;
  - (ii) carry on a substantial part of their business in the United Kingdom; and
  - (iii) publish or communicate their Base Rates to the public.

## 16 General provisions about interest

16.1 We will charge interest each day on the Capital and any Arrears owing at the end of that day.

- a) The Capital is worked out in the following way:
- (i) Any money We lend You will increase the Capital from the date when We release the money in accordance with Your instructions (or the date when the money is transferred if We pay it by electronic transfer).

- (iv) Any money We receive for the credit of Your Mortgage Account will be used ( after paying off any Arrears and any interest which is due for payment) to reduce the Capital with immediate effect.
- b) Any Arrears will be held in a separate Arrears balance, which is worked out in the following way:
- (i) The interest We charge on Capital each day during an Interest Period will be added to the Arrears balance on the first day of the following Interest Period (unless it has been paid off in the meantime).
  - (ii) Any item of Capital which remains unpaid at the end of the day on which it falls due for payment will be transferred to the Arrears balance at the start of the following day and will then cease to form part of the Capital (unless and until it is transferred back to the Capital under subparagraph (c) below).
  - (iii) Any Arrears which are transferred to Capital under subparagraph (c) below will reduce the Arrears balance on the day the transfer takes place.
- c) We may transfer any part of the Arrears to Capital if We reasonably believe that:
- (i) You will not be able to pay off the amount transferred before the end of the Repayment Period;
  - (ii) You will be able to afford any increase in the Monthly Payment which We are likely to make under Condition 9.2(e) as a result of the transfer; and

- (iii) where an Interest-Only Scheme applies, You will be able to repay Capital (including the amount transferred) in full by the end of the Repayment Period.
- 16.2 We will charge interest on the Capital and any Arrears at the Interest Rate. We will continue to charge interest at the Interest Rate even if We get a court order for You to pay some or all of the Money You Owe Us.
- 16.3 Interest accrues from day to day.
- 16.4 In a leap Year, We may charge the same amount of interest for each day in the Year as We would have charged if there had only been 360 days in the Year.
- 16.5 Except where Condition 16.7 applies or where a particular Interest Period is longer or shorter than a Month, We will work out the interest We charge each day on the basis that the interest We charge in each Interest Period is one twelfth of the interest We charge in the Year.
- 16.6 Where there is a change during an Interest Period in:
- a) the Interest Rate; or
  - b) the amount of Capital,
- the interest We charge during that Interest Period will be worked out as follows:
- (i) from the start of the Interest Period until the end of the day before the change occurs, We will charge an apportioned part of the interest We would have charged for the whole Interest Period if the change in the Interest Rate or the amount of the Capital had not occurred;
  - (ii) for the remainder of the Interest Period, We will charge an apportioned part of the interest We would have charged for the whole of the Interest Period if the change in the Interest Rate or the amount of the Capital had occurred immediately before the start of the Interest Period;
- 16.7 If You tell Us that You wish to repay all of the Money You Owe Us, We will work out the amount You have to pay, so far as it consists of interest, on the assumption that each day's interest is an equal 1/360 part of the interest We charge in the Year (even if in a leap Year). We will supply You with a redemption statement setting out the amount needed to repay the Money You Owe Us, including interest, on the date You have told Us is the date You wish to pay off the Money You Owe Us. We will also set out the daily interest due on the Capital in the redemption statement to enable You to calculate the Money You Owe Us on the day You actually pay the Money You Owe Us if it is not the date You have told Us to use for the preparation of the redemption statement.
- 16.8 Except where the Offer states otherwise, You must pay the interest for each Interest Period by making the Monthly Payment which is due to be paid on the first day of the following Interest Period.
- 16.9 If any unpaid interest is added to Arrears under Condition 16.1(b) (i) the Interest Rate which applies to that unpaid interest will be the rate which applies to the money on which the unpaid interest accrued.
- 16.10 If any Fees become due from You under Condition 31, interest will be charged on those Fees in accordance with Condition 31.4(c) and (d).
- 16.11 We will charge interest at the Standard Variable Rate on any of the Money You Owe Us which remains unpaid after the end of the Repayment Period.
- 17 Set off**
- 17.1 If the Money You Owe Us has become immediately payable under Condition 24.2, and You have any money in a current or investment account with Us or any Associated Company, We may take the money out of Your account and use it to pay off or reduce the Money You Owe Us. If We do this, neither We nor any Associated Company will pay any further interest or bonus on the money We have taken out of Your account.
- 17.2 Condition 17.1 applies even if You are joint borrowers and the current or investment account is held by only one of You.

## 18 Additional Security

- 18.1 So far as You are able, You assign the Additional Security to Us. On request, We will reassign it to You when You have repaid the Mortgage Debt.
- 18.2 To the extent You are unable to assign the Additional Security, You agree to grant Us a charge over the Additional Security.

## 19 Transferring your loan to a new mortgage

- 19.1 This condition applies if you notify us that you wish:
- a) to pay off the money you owe us on completing a sale of the property; and
  - b) at the same time, to complete a mortgage with us under which we will lend you money on the security of another property in the Isle of Man that you wish to buy.
- 19.2 In this condition and in condition 20:
- a) 'new property' means the property in the Isle of Man which you wish to buy;
  - b) 'new mortgage' means the mortgage under which the money you wish us to lend you will be secured on the new property;
  - c) 'transfer balance' means any part of the money you owe us (not exceeding the total amount we have lent you under this mortgage) which you want to transfer from this mortgage to the new mortgage;
  - d) 'top-up balance' means any money which you wish to borrow and we are willing to lend you under the new mortgage in addition to the transfer balance.
- 19.3 Where this condition applies:
- a) We will accept your application for the transfer balance to be transferred to the new mortgage unless we reasonably think that:
    - (i) in all the circumstances (including your financial circumstances), the risk of your being unable to meet your commitments under the new mortgage would be significantly greater than the risk of your failing to meet your commitments under this mortgage;

- (ii) you could not afford to repay the transfer balance with interest by the end of the repayment period which would apply under the new mortgage; or
  - (iii) the risk that we would suffer a loss if we realised our security would be significantly greater under the new mortgage than it is this mortgage.
- b) The transfer balance will not be eligible for any incentive product or other benefit which we provide for any top-up balance.
  - c) We will transfer all or part of the money you owe us to the new mortgage if:
    - (i) the amount we are prepared to lend you under the new mortgage (including the transfer balance) does not result in a loan to value ratio which exceeds 95%;
    - (ii) you give us not less than seven days' notice in writing that you want us to transfer all or part of the money you owe us to the new mortgage; and
    - (iii) you select a mortgage product for any top-up balance from the range of mortgage products which we make available in cases where the loan to value ratio does not exceed 95%.
  - d) The transfer balance may only be transferred to a new mortgage over one new property. This means that, if there is more than one of you, the transfer balance cannot be divided between you and secured by mortgages over two or more properties.

## 20 Refunding an early repayment charge on a transfer of your loan to a new mortgage

- 20.1 If you enter a new mortgage with us within three months of the date on which we discharge this mortgage, we may refund all or some of any early repayment charge which you paid at the time when this mortgage was discharged.
- 20.2 If there is more than one of you, the refund will be divided equally amongst those of you who are borrowers under the new mortgage.

## 21 Restrictions on Your power to deal with the Property

- 21.1 These Conditions exclude any power You have by law:

- a) to grant a Lease of the Property; or
  - b) to allow anyone to surrender a Lease of the Property.
- 21.2 You must not do any of the following without first getting Our written consent (see Condition 23):
- a) transfer or sell the Property;
  - b) grant a new or extended Lease of the Property (except where the Offer provides that the Property may be Let or where the tenant has a legal right to be granted a new or extended Lease);
  - c) dispose of the Property or any interest You have in it in any other way;
  - d) give anyone an enforceable licence to occupy the Property;
  - e) part with possession of the Property or share possession of it with anyone else;
  - f) allow anyone to surrender a Lease of the Property.
- 21.3 If the Offer provides that the Property may be Let, You must not grant any Mortgage, security or other charge over the Property in any circumstances. In any other case, You must not grant a Mortgage, security or charge over the Property (except to Us or an Associated Company) without first getting Our written consent (see Condition 23).
- 21.4 If You hold the Property under a Lease, You must not do any of the following without first getting Our written consent (see Condition 23):
- a) surrender the Lease;
  - b) give notice to terminate the Lease.
  - c) agree to any change in the terms of the Lease.
- 22 General obligations**
- 22.1 You agree to the following:
- a) You will occupy the whole of the Property as Your main residence (unless the Offer provides that the Property may be Let or You later Let the Property with Our written consent);
  - b) You will make sure that any buildings being built on the Property are completed without delay and are properly built in accordance with applicable building regulations, planning and other consents;
  - c) You will keep the Property in good repair;
  - d) You will comply with any covenants or Conditions which affect the Property and its use;
  - e) You will promptly pay all rates, taxes and other payments which are the responsibility of the owner or occupier of the Property;
  - f) You will comply with all legislation which affects the Property and the use of the Property;
  - g) You will send Us a copy within seven days of any notice You give to exercise a legal right which affects the Property;
  - h) if You receive a notice which affects the Property from any statutory authority, or from anyone claiming to exercise a legal right over the Property, You will:
    - (i) send Us a copy of the notice within seven days of receiving it;
    - (ii) comply with the terms of the notice if it is valid; and
    - (iii) make any reasonable representations about the notice which We ask You to make;
  - i) You must not do any of the following without first getting Our written consent (see Condition 23);
    - (i) change the use of the Property;
    - (ii) make any structural alteration to the Property;
    - (iii) agree to any restrictive covenants or obligations being imposed on the Property; or
    - (iv) apply for an improvement or similar grant for the Property.
  - j) You will ensure that nothing is done without Our written consent (see Condition 23) which may:
    - (i) make it more difficult or expensive to insure the Property;
    - (ii) damage the structure or adversely affect the Condition of the Property;
    - (iii) reduce the value of the Property; or
    - (iv) make the Mortgage, or Our charge over the Additional Security, less valuable to Us;
  - k) if You acquire a new or increased interest in the Property (e.g. an extended Lease or the freehold of the Property, or an interest in the freehold of any building which includes the Property) You will:

- (i) notify Us immediately in writing of Your receiving the title deeds for the new or increased interest and if We request delivery, deliver such title deeds to Us; and
  - (ii) (if asked) grant Us a first Mortgage over the new or increased interest: the Mortgage must be in a form approved by Us and will be completed at Your expense;
- l) if following the Completion Date, You are sent any of the title deeds to the Property, You will:
- (i) notify Us immediately in writing of Your receiving the title deeds;
  - (ii) store them in a safe and secure place; and
  - (iii) send them to Us at Your own risk by first class post within seven days of any written request for them;
- 22.2 If You hold the Property under a Lease, You agree to the following:
- a) You will comply with all the tenant's obligations under the Lease;
  - b) You will do all You can to make sure that the landlord and any other party to the Lease (e.g. a management company) comply with their obligations under it; and
  - c) You will send Us within a reasonable time a copy of any notice You give:
    - (i) to extend the Lease;
    - (ii) to acquire the freehold of the Property; or
    - (iii) to acquire an interest in the freehold of any building which includes the Property.
- 22.3 The following terms apply if the Property is Let (i.e. where You are the landlord under a Lease of the Property);
- a) You must comply with all the landlord's obligations under the Lease and under the general law.
  - b) You must do all You can to make sure that the tenant and any other party to the Lease (e.g. a management company) comply with their obligations under it.
  - c) You must send Us within a reasonable time a copy of any notice You receive from anyone who wishes to:
    - (i) extend the Lease;
    - (ii) acquire the freehold of the Property;
- (iii) acquire an interest in the freehold of any building which includes the Property, or in the freehold of any building which is included in the Property;
- d) You must not enter into any agreement (including an agreement for the making of a consent order by the court) for any of the purposes mentioned in subparagraph (c) above without first obtaining Our written consent to the terms of the agreement (see Condition 23).
- e) if asked, You must supply Us with the following:
- (i) details of any persons who are using or occupying the Property from time to time;
  - (ii) information about the basis on which they are entitled to use or occupy the Property;
  - (iii) certified copies of any documents under which they claim to be entitled to use or occupy the Property; and
  - (iv) any other information or documents which We require concerning the Property, or the way it is used, or any building works being carried on there.
- f) if We have given Our consent to the Letting (whether in the Offer or subsequently), You must not occupy the Property or allow a Related Person to occupy it.
- 22.4 Condition 22.3 will cease to apply if and when You provide Us with written confirmation that no part of the Property is Let and that You do not intend to Let the Property or any part of it in the future.
- 23 Obtaining Our consent**
- 23.1 This Condition applies if You ask Us for Our consent under Condition 7.2, 21.2, 21.3, 21.4, 22.1(i) 22.1(j) or 22.3(d).
- 23.2 We will only refuse Our consent if it is reasonable to refuse it.
- 23.3 If We give Our consent to the Property being Let or used for any purpose other than for Your residence, We may impose Conditions on Our consent which will be similar to the Conditions We apply to new loans secured on Property which is to be Let or used for Your requested purpose.

- 23.4 We may impose other Conditions on Our consent if it is reasonable to impose Conditions and the Conditions are reasonable.
- 23.5 You agree to comply with any Conditions We impose under Conditions 23.3 and 23.4.

## 24 Default, breaches and other matters

- 24.1 For the purposes of any power We have by law or under the Mortgage Documents to sell the Property, the Money You Owe Us is to be treated as due one Month after the Completion Date.
- 24.2 We may give You notice requiring You to pay Us the Money You Owe Us immediately:
- a) if You are more than two Months late in making any payment under the Mortgage Documents;
  - b) if You break any obligation (other than for the payment of money) which is contained in the Mortgage Documents and either:
    - (i) You fail to remedy the breach within 14 days after We give You notice to remedy it; or
    - (ii) We reasonably think that the breach creates a new or increased risk that We would suffer loss if We were to realise Our Mortgage and the Additional Security;
  - c) if a bankruptcy petition (within the meaning of the Bankruptcy Code 1892 of the Isle of Man) is made against You or if a receiving order is granted against You under section 8 of the Bankruptcy Code 1892 of the Isle of Man or the appointment of a trustee under section 7 of the Bankruptcy Code 1892 of the Isle of Man or if a bankruptcy order (or a sequestration order) is made against You. (Note: a bankruptcy order is a court order which adjudicates You as bankrupt and allows Your Property to be sold and distributed to Your creditors if You cannot pay Your debts);
  - d) if You enter into any composition or scheme of arrangement, or make a proposal to do so (Note: a composition or scheme of arrangement is an arrangement You make with Your creditors under which they agree to accept late payment, or part payment, of Your debts. The arrangement is supervised by a person known as an official trustee);
  - e) if someone appoints a receiver of any of Your Property. (Note: a receiver is a person appointed by a creditor to collect the income (such as rent) from Property which You have Mortgaged to the creditor);
  - f) if someone levies distress execution or attachment or executes due diligence on any of Your goods (Note: if You are a tenant of a Property in the Isle of Man, distress is a remedy which allows Your landlord to take Your goods and sell them to recover unpaid rent);
  - g) if any execution, diligence or similar process is issued or enforced against any part of Your assets or income. (Note: execution is a process for enforcing a court order against You. It involves selling Your goods, or taking part of Your income, to raise the money You must pay under the order);
  - h) if any action is taken or arrangement is put in place that is similar in effect to the action or arrangements set out in subparagraphs (c) to (g) above;
  - i) if, without Our written consent, You create any right against the Property or grant any interest in the Property that affects Our ability to enforce Our rights under the Mortgage Documents;
  - j) if another Mortgagee or security holder:
    - (i) takes possession of the Property;
    - (ii) appoints a receiver; or
    - (iii) exercises, or tries to exercise, a power of sale over the Property;
  - k) if:
    - (i) You hold the Property under a Lease; and
    - (ii) Your landlord gives You a statutory notice specifying a breach of any obligation or Condition in the Lease and, if the notice requires You to remedy the breach, You fail to remedy it within a reasonable time;
  - l) if the Property is compulsorily purchased or requisitioned;
  - m) if any of the following are set aside or found to be ineffective, or only partly effective:
    - (i) the Mortgage Deed;
    - (ii) Our charge over the Additional Security;
    - (iii) any Guarantee;



- (iv) any Mortgage or other security for a Guarantee;
- We would only invoke Our right to require immediate payment of the Money You Owe Us under this subparagraph if You caused or contributed towards any of the above documents being either set aside or rendered ineffective or partly effective by reason of:
- o any fraudulent or deliberate action on Your part; or
  - o any other act or omission on Your part, and all reasonable steps taken by Us to make good Our security or reinstate the affected security document have failed;
- n) if the Money You Owe Us has not been repaid by the end of the Repayment Period;
- o) if You die or where there is more than one of You, the last survivor of You dies.
- 24.3 At any time after the Money You Owe Us has become immediately payable under Condition 24.2:
- a) We shall have the power to sell the Property and We may exercise power to sell the Property (whether or not We have taken possession)
  - b) We shall have and may exercise all the powers in Condition 24.4;
  - c) We may take possession of the Property;
  - d) We may apply to the Court for judgment in respect of the Mortgage Debt.
- 24.4 The powers mentioned in Condition 24.3(b) are extended so as to allow Us to do any of the following where it is reasonable:
- a) carry out repairs or improvements to the Property;
  - b) manage the Property;
  - c) where You hold the Property under a Lease:
    - (i) extend or renew the Lease;
    - (ii) surrender the Lease; or
    - (iii) agree with the landlord to change the terms of the Lease;
  - d) grant a Lease of the Property free from any statutory restrictions;
  - e) where the Property is Let (i.e. where You are the landlord under a Lease of the Property):
    - (i) bring the Lease to an end;
    - (ii) agree with the tenant to change the terms of the Lease; and
    - (iii) accept a surrender of the Lease, free from any applicable statutory restrictions; or
  - f) make any application to any land registry responsible for registering ownership of the Property on any matter relating to the Property.
- 24.5 If the Property or the Additional Security is realised (for example, if the Property is sold by Us or another person with a Mortgage or security over it), We shall apply the money We receive in the following order:
- a) to pay off the Money You Owe Us;
  - b) to pay off any remaining Mortgage Debt;
  - c) pay off any other Mortgages, securities or charges which affect the Property or the Additional Security;
  - d) pay any surplus to You or, if We are unable to locate You, into an account with Us in Your name (which You authorise Us to open for this purpose).
- 24.6 If at any time You have failed to comply with Your obligations under the Mortgage, We may take any reasonable steps to remedy the failure.
- 24.7 Subparagraphs (a) to (k) below apply if the Property is Let for the time being (i.e. You are the landlord under a Lease of the Property):
- a) if the Mortgage Debt has become immediately payable under Condition 24.2, or if requested by You, We may appoint any person or persons (including one of Our officers) to be a receiver of the Property. The appointment may be made by deed executed under Our common seal or in writing signed by one of Our directors or managers.
  - b) if We appoint more than one person to be a receiver, We may authorise any of them to exercise their powers independently of the others.
  - c) any receiver We appoint will be Your agent. This means that You rather than We will be responsible for:
    - (i) the receiver's acts and defaults;
    - (ii) reimbursing the receiver against any costs or liabilities which he incurs in the course of his appointment; and

- (iii) paying the receiver's remuneration (but only to the extent that the rate of remuneration We have fixed under subparagraph (g) below is reasonable.
  - d) the receiver will have the following powers:
    - (i) all the powers conferred on a receiver by the Law of Property Act 1925 of the United Kingdom, as if those powers were set out in full in these Conditions; and
    - (ii) all the other powers (except for the power to appoint a receiver) which We may exercise under these Conditions, with the benefit of the extensions to the statutory powers set out in Condition 24.4.
  - e) where a receiver is appointed at Your request, the receiver may exercise the powers mentioned in subparagraph (d) above even though We have not demanded immediate payment of the Mortgage Debt (and so could not exercise those powers ourselves).
  - f) the receiver will not be authorised to exercise any power mentioned in subparagraph (d) above if and so long as We have excluded that power in writing (whether at the time of the receiver's appointment or subsequently).
  - g) We may from time to time:
    - (i) fix the receiver's remuneration at a reasonable rate;
    - (ii) on giving You notice in writing, remove the receiver with or without appointing another in his place.
  - h) the receiver will apply the money he receives in the following order:
    - (i) in meeting any claims which have priority to the Mortgage;
    - (ii) in paying the costs connected with the receiver's appointment or the exercise of his powers and in meeting any outgoings on the Property which he pays;
    - (iii) in paying the receiver's remuneration at the rates which We set from time to time; and
    - (iv) in reducing or paying off the Mortgage Debt. The receiver will pay any surplus to You or to any other person entitled to it.
  - i) the receiver will not be bound to use the money he receives to pay off interest before Capital, or otherwise to pay off the Mortgage Debt in any particular order.
  - j) at Our request, the receiver may set aside funds out of the money he receives to make provision for the discharge of any contingent liability which is secured by the Mortgage.
- 25 Your furniture and goods**
- 25.1 If We take possession of the Property We may, as Your agent and at Your expense, remove, store, sell, dispose of or otherwise deal with any furniture, goods or animals which You have not removed from the Property. We will not be responsible for any loss or damage caused by Our doing this unless We fail to take reasonable care.
- 26 Our right to inspect and do works**
- 26.1 We may enter the Property at any reasonable time (or at any time in an emergency):
- a) to inspect the Property; or
  - b) at Your expense, to do any work which is needed to put right any failure by You to comply with these Conditions.

**27 Insurance by You**

- 27.1 You may insure the Property through Our insurance arrangements (where they are available).
- 27.2 If You do not insure the Property under Condition 27.1, You must insure the Property with an authorised insurance company of Your choice, in which case the following terms will apply:
- a) the Property must be insured against loss and damage for its current Rebuilding Cost;
  - b) the insurance must be kept in force until the Mortgage Debt has been repaid;
  - c) the insurance must be under a comprehensive policy which, as a minimum, covers any particular risks specified in the Offer;
  - d) You must pay the premiums on time;
  - e) any excess specified in the policy must be reasonable;
  - f) the policy must be in force no later than the Completion Date;
  - g) You must supply Us with a copy of the policy on request;
  - h) You must tell Us immediately if You make a claim on the policy of more than £10,000.
- 27.3 We may change the terms set out in Condition 27.2, above, at any time by giving You not less than 30 days' notice in writing. We will only do this if it is reasonable to make the change:
- a) to ensure that the amount of the insurance and the risks covered by the policy are adequate to provide proper protection for the Property; or
  - b) to reflect a general change in the terms on which household insurance is available in the United Kingdom.
- 27.4 If You insure the Property with an insurance company of Your choice, but You do not keep to the terms set out in Condition 27.2 and to any changed terms which apply under Condition 27.3, We may give You notice requiring You to cancel the insurance and to insure the Property through Our insurance arrangements under Condition 27.1 (where they are available).

**28 Insurance by Us**

- 28.1 If You do not insure the Property under Condition 27 or do not keep to the terms which apply to the insurance, We may insure the Property or Our interest in it on the following terms:
- a) the insurance will be at Your expense and We will treat the premium as an item of Fees which We may debit to Your Mortgage Account under Condition 31.3;
  - b) the insurance may be for any amount up to the current Rebuilding Cost;
  - c) We will decide the risks to be covered; and
  - d) We will choose the insurer and the names in which the insurance is taken out.

**29 Insurance by another person**

- 29.1 If the Property is held under a Lease or title which requires the Property to be insured by a third party (e.g. the landlord), this Condition will apply instead of Condition 27 or 28. Where this Condition applies, You must do Your best to ensure that the Property is kept insured with an authorised insurance company and that the policy provides cover against loss and damage for an amount at least equal to the current rebuild cost for the Property (or the building of which it forms part).

**30 General provisions about insurance**

- 30.1 If We ask, You must produce any information which We need to make sure that You are complying with Conditions 27 or 29 (where they apply).
- 30.2 You must ensure that:
- a) any material facts concerning the insurance are disclosed to the insurer when the insurance is taken out;
  - b) any events which occur, or facts which You discover, after the insurance is taken out are immediately disclosed to the insurer if they are material to the insurance.
- 30.3 Where the Property is insured under a policy to which Condition 27 or 29 applies, We may pay an extra premium at Your expense:
- a) to increase the amount of the insurance to any amount up to the current Rebuilding Cost; or
  - b) to cover any additional risks which We think need to be covered to provide proper protection for the Property.

- 30.4 You must hand over the following to Us on request:
- any insurance policy which concerns the Property;
  - all relevant endorsements on the policy; and
  - receipts for the premiums paid under the policy.

30.5 If money becomes payable under a policy to which Condition 27 or 28 applies, then You must use the money in promptly reinstating the Property if either:

- the insurer requires the money to be used to reinstate it; or
- We give You written notice requiring You to reinstate it (which We will only do if We reasonably decide that it would be practicable to use the money for this purpose).

In any other case, the money must be used to pay off or reduce the Mortgage Debt.

30.6 We may keep any commission or other benefit which We or an Associated Company receive in connection with the insurance of the Property.

### 31 Fees

31.1 In these Conditions, 'Fees' means:

- any Mortgage fees We charge as detailed in Your Offer and Our General Tariff; and
- all other charges made by Us to recover the costs and expenses (including Our internal administrative expenses) We reasonably incur in connection with the Mortgage.

31.2 We may charge You a fee if You ask Us to provide You with any service listed in Our General Tariff, which will be sent to You each Year with Your annual Mortgage statement and which You can obtain from Us at any time. We will also tell You the Fees for these services at any time if You ask.

31.3 We may also charge You a fee to recover any other costs and expenses We reasonably incur in connection with the Mortgage, including (but not limited to) the costs and expenses We incur in taking action to:

- preserve, protect or enforce Our security;
- recover any of the Money You Owe Us;
- bring or defend any legal proceedings (whether or not You are a party to them);

- put right any failure of yours to comply with Your obligations under the Mortgage Documents; or
- take out or keep up any insurance policy under these Conditions, or increase the cover provided by the policy.

The main Fees We charge for taking actions of the kind mentioned in subparagraphs (a) to (e) above are set out in Our Arrears Tariff. You can obtain a copy of Our Arrears Tariff from Us at any time and We will send You a copy whenever We take an action for which a fee is shown in Our Arrears Tariff (unless We have previously sent You a copy and the fee has not changed since then).

31.4 The following terms apply to any Fees We charge under Condition 31.2 or 31.3:

- The amount of the Fees We charge will be determined as follows:
  - each of the Fees shown in Our General Tariff is equal to Our reasonable estimate of the average costs We incur in providing the service or carrying out the activity for which the fee is charged. The fee We charge will be limited to the amount shown unless the transaction is complex or unusual service, in which case We may charge You an additional fee provided that We inform You of the amount payable in advance and You tell Us that You wish to proceed.
  - each of the Fees shown in Our Arrears Tariff is equal to Our reasonable estimate of the average costs We incur in taking the action for which the fee is charged. The fee We charge for taking any of these actions will be limited to the amount shown.
  - if You ask Us to provide a service which is not listed in Our General Tariff, or We charge a fee under Condition 31.3 for taking an action which is not listed in Our General Tariff or Our Arrears Tariff, the amount of the fee We charge will be equal to the costs We reasonably incur in the particular case in providing the service or taking the action in question.

- b) The costs and expenses mentioned in subparagraph (a) above include both Our external costs (that is to say, costs We have to pay to other people) and Our internal costs (that is to say, costs We incur in carrying out actions ourselves).
- c) In estimating the internal costs We include in Our Fees, We will take account of both the direct costs We expect to incur in carrying out the action in question and an allowance to reflect a reasonable share of the overheads We incur in providing and maintaining any premises, systems, facilities and resources which are used partly for carrying out the action and partly for other purposes.
- d) We may change the Fees We charge for any of the following reasons:
- (i) to enable Us to respond proportionately to a change in the external or internal costs We incur in carrying out the action for which the fee is charged;
  - (ii) to make sure that Our business is run in a way which meets the requirements of Our regulator or of any central bank or other monetary authority; or
  - (iii) to enable Us to respond proportionately to any change in the law, or in any code of practice which applies to us, or to the making of a decision, requirement or recommendation by any court, ombudsman, regulator or similar body.
- 31.5 The following terms apply if We charge a fee under Condition 31.2 or 31.3:
- a) You agree to pay the fee to Us on demand.
  - b) We will add the fee to an unpaid Fees balance if it is not paid within seven days of Our demand.
  - c) We will charge interest each day on the amount of the unpaid Fees balance at the end of that day.
  - d) We will charge interest on the unpaid Fees balance at the Interest Rate. If We have divided Your Mortgage Account into different parts, We will charge interest on the unpaid Fees balance at the lowest Interest Rate charged on any part of the Mortgage Account.
- e) We may transfer any part of the unpaid Fees balance to Capital if We reasonably believe that You will not be able to pay off the amount transferred before the end of the Repayment Period.
- 31.6 Any fee We charge under this Condition will form part of the Money You Owe Us and will be secured by the Mortgage until it is paid.
- 31.7 We may treat any Fees You pay Us under this Condition as payment for the supply made by Us to You for the purpose of Value Added Tax.
- 32 Further assistance from You**
- 32.1 You agree to execute any document and do anything else which We reasonably think is needed:
- a) for any of the purposes listed in Condition 33.2; or
  - b) to assist Us in exercising any of Our powers under the Mortgage Documents.
- 33 Power of attorney**
- 33.1 You appoint Us and (as a separate appointment) any receiver We appoint to be Your attorney and to do the following things in Your name and on Your behalf:
- a) execute any document which You must execute under the Mortgage Documents or which is needed for any of the purposes listed in Condition 33.2;
  - b) do any other thing which You must do under these Conditions or which is needed for any of the purposes listed in Condition 33.2;
- You cannot revoke the power of attorney in this paragraph until the Mortgage Debt has been paid off in full.
- 33.2 The purposes mentioned in Conditions 32 and 33.1(a) and b) are:
- a) to make good or preserve Your title to the Property or Our rights in relation to the Mortgage;
  - b) to make good or preserve Our charge over the Additional Security;
  - c) to enable any of Our rights and powers under the Mortgage Documents to be effectively exercised;
  - d) to receive any money due to You in connection with the Property or the insurance of the Property;
  - e) to make sure that any money which is paid under the Additional Security is paid to Us;

- f) to use any money received as Your attorney to reduce or pay off the Mortgage Debt (except where Condition 30.5 provides otherwise);
- g) to allow the following to be transferred to a purchaser or Transferee:
- (i) the Property;
  - (ii) the Additional Security; or
  - (iii) any interest in either of them;
- h) to allow the following, or any interest in them, to be transferred to a purchaser or Transferee:
- (i) the Mortgage Documents;
  - (ii) Our charge over the Additional Security; and
  - (iii) any Guarantee;
- i) to bring or defend any legal proceedings which We reasonably think are needed for any of the above purposes.
- 33.3 If there is more than one of You, the power of attorney contained in this Condition allows Us and any receiver We appoint to act for all of You together and each of You separately.
- 33.4 We will be entitled to delegate Our power of attorney to third parties where this is reasonably necessary to help Us in the exercise of Our powers.
- 34 Continuing security**
- 34.1 The Mortgage is a continuing security. This means that:
- a) the Mortgage will remain in force if You die, or become bankrupt or mentally incapable;
  - b) in relation to an overdraft, the Mortgage will not be discharged merely because the account goes into credit; and
  - c) the Mortgage will not be discharged by the part payment of the Mortgage Debt.
- 35 Transfer rights**
- 35.1 You agree that We may transfer, or agree to transfer, the following to any person at any time:
- a) some or all of Our rights or obligations under the Mortgage Documents; and
  - b) some or all of the rights or obligations We have under Our charge over the Additional Security.
- 35.2 If We transfer any of Our rights under Condition 35.1, the Transferee will be able to enforce the transferred rights against You in the same way that We could enforce them before the transfer.
- 35.3 If We transfer Our right to change the Standard Variable Rate, the Transferee will be entitled to change the Standard Variable Rate not only for the reasons set out in Condition 14.2, but also to ensure that the Transferee is able to meet any of its obligations to third parties.
- 35.4 If We transfer any of Our obligations under Condition 35.1:
- a) You will be able to enforce the transferred obligations against the Transferee in the same way that You could enforce them against Us before the transfer; and
  - b) We will be released from any further liability to perform the transferred obligations.
- 35.5 We will only transfer Our rights or obligations under Condition 35.1 if:
- a) the Transferee agrees to exercise the transferred rights or perform the transferred obligations in accordance with a statement of policy which We approve before the transfer; and
  - b) We reasonably think that the policy described in the statement is no less favourable to You than the policy We were following before the transfer.
- 35.6 We may release to any prospective or actual Transferee information about the Mortgage and Your Mortgage Account.
- 35.7 Our powers to transfer Our rights or obligations are in addition to those existing from time to time under the general law.
- 35.8 Your rights and obligations under the Mortgage Documents are personal to You and therefore You are not entitled to transfer them to anyone else.

### 36 Variations

- 36.1 If We believe that the Mortgage or Your Mortgage Account would benefit from enhanced or additional services, We may make changes to any Conditions that apply to You to give You the benefit of such enhanced or additional services.
- 36.2 We can also change the terms of the Mortgage Documents to respond proportionately to the fact that any of the following have occurred or are about to occur:
- a) any change in the law, regulation or in codes of practice or the making of a recommendation, requirement or decision by any court, ombudsman, regulator or similar body; or
  - b) any change to the systems We use to manage Our accounts, including changes in the technology We use and changes resulting from any reorganisation of Our business by it being acquired by or by Our acquiring another financial organisation.
- We will give You 30 days' prior written notice of any change We make under this paragraph and the change will take effect from the date specified in the notice (which will not be earlier than the date when We give the notice).
- 36.3 You will not be charged any Fees for any changes We make to the Conditions under this Condition 36.

### 37 Enforcement of rights

- 37.1 Each Condition, paragraph and subparagraph in these Conditions is separate from the others. If any Condition, paragraph or subparagraph cannot be enforced, this will not stop You or Us from enforcing any other Condition, paragraph or subparagraph.
- 37.2 If You or We delay taking, or fail to take, any action following a breach by the other party of any of the Conditions, the party delaying or failing to take action will still be entitled to exercise their rights at a later date and will not be prevented from taking action in relation to any future breaches.
- 37.3 We will not be responsible for any breach of these Conditions caused by circumstances beyond Our reasonable control.
- 37.4 A person who is not a party to the Mortgage Deed will have no right under the Contracts (Rights of Third Parties) Act 2001 to enforce any Conditions.

### 38 Notices

- 38.1 We may give You notice under these Conditions:
- a) by delivering the notice to You at the Property;
  - b) by sending the notice to You by pre-paid post at the Property (in which case, the notice is to be treated as given on the day when it would arrive in the normal course of post);
  - c) if You have so agreed, by sending the notice to You electronically; or
  - d) If and so long as the Property is Let (i.e. while You are the landlord under a Lease of the Property), We may also give You notice under these Conditions by sending the notice to You by first-class post or second-class post at the last correspondence address You have notified to Us (in which case, the notice is to be treated as given on the day when it would arrive in the normal course of post).
- 38.2 A notice given under Condition 14.2 (that is to say, a notice of a change in the Standard Variable Rate for one or more of the reasons stated in that paragraph), may be given either in accordance with Condition 38.1 or by advertising the notice in at least one national newspaper chosen by Us and in Our branches. A notice given by advertisement under this paragraph is to be treated as given on the first day on which it has both:
- a) appeared in each of the newspapers We have chosen; and
  - b) been advertised in Our branches.
- A notice will still be valid even if, by mistake, We fail to display it at some of Our branches.
- 38.3 Any notice We give You will come into effect on the date stated in it. If no date is stated, it will come into effect on the day it is given.
- 38.4 We may cancel any notice at any time before it comes into effect by giving You notice under Condition 38.1.

### 39 Governing law

- 39.1 Each of the Mortgage Documents is governed by the law of the Isle of Man.

## Find out more

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08000 84 28 88 if calling from a UK landline or mobile,  
or +44 (0)1624 641 888 if calling from overseas.  
Monday to Friday 9am to 5pm (UK time), except Wednesdays when we open at 9.30am.



### Write to us at:

Santander International  
PO Box 123, 19-21 Prospect Hill  
Douglas, Isle of Man IM99 1ZZ  
British Isles



### Visit us at:

Santander Work Café  
Market Hall, North Quay  
Douglas, Isle of Man IM1 2BQ  
British Isles



[santanderinternational.co.uk](http://santanderinternational.co.uk)



[info@santanderinternational.co.uk](mailto:info@santanderinternational.co.uk)

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