

Mortgage Terms 2011

England and Wales

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Mortgage Terms

These Mortgage Terms apply to mortgages given to **us** (The Royal Bank of Scotland plc, as more fully described in the **Mortgage Deed**). They form part of the Mortgage Deed signed or authorised for execution by **you** (the Customer as described in the Mortgage Deed) which refers to these Mortgage Terms. If there is more than one of you then “you” means each of you, and the Customer’s Obligations apply to each of you individually (as well as jointly). This means that if one of you is unable to repay or comply with them, the other may be required to do so even if your relationship has changed or ended. Any expressions which have been defined in the Mortgage Deed you grant to us will have the same meaning and effect in these Mortgage Terms.

1. Customer’s Obligations and Repayment

1.1 You undertake to fulfil all the Customer’s Obligations as described below and make payment to us on demand with interest at the rate(s) agreed of all sums due to us as part of the Customer’s Obligations. The **Customer’s Obligations** means all obligations due by you to us as set out or referred to in the Mortgage Documents and any other loans, facilities, advances or re-advances or other credit made available by us to you and all other liabilities owed to us by you of any kind, including future and joint obligations, obligations which are dependent on a particular event and all related interest, charges and expenses due to us (but excluding any sums due or which may become due under any agreement to which the Consumer Credit Act 1974 (the **CCA**) applies unless such agreement states that it is to be secured over the Property).

The **Mortgage Documents** means any offer of loan by us to you of any loans or facilities included in the Customer’s Obligations, the related loan or facility terms, the Mortgage Deed and these Mortgage Terms.

The **Loan or Facility** is the sum which we agree to lend to you as set out in any such offer of loan, and where used in the context of sums payable to us includes any charges and expenses and all interest payable by you under the Mortgage Documents.

1.2 If on a sale of the Property the net sale proceeds are insufficient to repay us in full, you must still pay the shortfall with interest. The **Property** means the property given as security under the mortgage, and includes any part of it and all interests in it.

1.3 Except where otherwise agreed in writing, we may apply each payment received in such order or in such proportion (of capital and interest, or as between liabilities) as we may decide, and acting reasonably so as not to prejudice your interests.

1.4 If we receive notice of any charge or enforcement procedure affecting the Property, we may suspend your account(s) and open a new account or accounts. Regardless of whether we suspend the account(s), any payments received after the date of that notice will be applied first to repay any new amount which becomes due to us after that date.

2. Insurance

- 2.1 You will insure and keep insured the Property comprehensively at your expense for its full reinstatement cost, including demolition, for the risks and on the terms that we approve.
- 2.2 You will pay all premiums for the insurance and we may ask you to (i) arrange for our interest to be endorsed on the policy of insurance and (ii) provide us with evidence of the insurance cover and the payment of premiums.
- 2.3 You will assign in our favour all proceeds of any insurance of the Property and if any proceeds are paid directly to you, you will hold these funds on trust for us. At our option you will apply any such proceeds in making good the loss or damage to the Property or towards repayment of the Customer’s Obligations.
- 2.4 You will notify the insurers in writing each time the Property is let.

3. The Property

- 3.1 The Property must be used as your only or main home unless we agree otherwise in writing.
- 3.2 You will put and keep the Property in good repair.
- 3.3 You will make any payments and comply with all other requirements concerning the Property promptly.
- 3.4 You will obtain our permission in writing before:
 - selling or transferring the Property (or any part of it) to anyone else;
 - agreeing to a change to the terms of any lease over the Property (or any part of it);
 - giving up or sharing possession of the Property, or granting any lease, easement, licence or right to occupy the whole or any part of the Property;
 - leaving the Property unoccupied for a period exceeding three months;
 - changing the use of the Property, altering, demolishing or extending it, or applying for permission to change its use or for structural alterations or additions, including the construction of additional buildings;
 - applying for an improvement grant or a similar grant; or
 - giving or allowing someone else to obtain a mortgage or other security over any part of the Property.
- 3.5 You will notify us immediately in writing of any notice or information concerning any proposal for the compulsory acquisition of the Property (or any part of it) or any other matter which might adversely affect its value, and (at your expense) take any action regarding this which we reasonably require.
- 3.6 In the case of leasehold Property you will pay the rent and service charges when they fall due and comply with all terms of the lease.

3.7 You will allow us and our representatives to have access to the Property at all reasonable times to carry out any survey or inspection which we may reasonably require and to carry out (at your expense) any material maintenance or repairs which you have failed to do and which may jeopardise the value of the Property as security for the Customer's Obligations.

3.8 We may at your expense take any steps which we reasonably consider necessary to protect our interest in the Property.

4. Our Powers

4.1 We do not have an immediate right to possession of the Property or any income from it (and will not be considered to be taking possession if we enter to inspect the Property or carry out work) and you will continue in possession until we make a demand for immediate payment of all sums due to us.

4.2 If we make a demand for immediate payment of all sums due to us, we may then take possession and exercise any of our other powers.

4.3 Any purchaser or third party dealing with us or a receiver may assume that our powers have arisen and are exercisable without proof that demand for immediate payment of all sums due to us has been made.

4.4 We will not be liable to account to you for any money not actually received by us or our authorised agents.

5. Exercise of Our Powers and Appointment of Receiver

If you default in repaying or fulfilling the Customer's Obligations and we make a demand for immediate payment of any sums due to us, then:

5.1 we may, as we reasonably decide:

- take possession of the Property;
- sell the Property;
- sell any fixtures together with the land or buildings on the Property or separately;
- grant and accept surrenders of leases without restriction and grant options;
- enter into any agreement (including an option or pre-emption agreement) in relation to the Property, grant or reserve any right over the Property and repair, replace and develop the Property and apply for any appropriate permission, licence or approval and do any other thing in relation to the Property or any part of it which we consider reasonable; and/or
- insure the Property for its full reinstatement value at your expense against such risks (in addition to loss or damage by fire) and for such amounts as we consider prudent.

5.2 We will take reasonable care to avoid damage or loss to any possessions found at the Property but will be under no liability for any loss or damage by a third party. We may (at your expense and risk) remove, store, sell or dispose of those possessions as we reasonably decide. Any surplus proceeds of sale will be a debt due by us to you. You will repay us if we incur any liability because any possessions found at the Property belong to a third party.

5.3 We may appoint or remove a receiver or receivers (who may exercise their rights jointly or separately in the event that joint receivers are appointed and may be one of our employees) in respect of the Property. Any receiver(s) will be your agent and you (and not us) will be responsible for the acts, defaults and remuneration of the receiver. We may fix and pay the receiver's fees and expenses for you and any receiver may exercise the rights we have in respect of the Property.

5.4 We may exercise any of our legal powers even if a receiver or receivers have been appointed.

5.5 A receiver will apply any money received from the Property towards the repayment of any money they have borrowed and then in payment of the receiver's fees and expenses. Any remaining money received will then be applied as required by law.

6. Charges and Expenses

6.1 You will pay on demand all our reasonable charges and expenses (including legal and other professional fees, administration costs, overhead expenses and value added tax) in connection with the Customer's Obligations including (but not limited to) those connected with:

- 6.1.1 perfecting, protecting or enforcing our charge over the Property or exercising any power under it;
- 6.1.2 any variation or redemption of the Mortgage Deed or the charge created by it;
- 6.1.3 any application for any form of consent whether or not the consent is granted;
- 6.1.4 any breach of any of the terms of the Mortgage Documents; and
- 6.1.5 the production of any deed or document or the provision of a copy.

6.2 Our expenses include not only sums which we pay to others but also the internal administration costs incurred by us in connection with the Customer's Obligations. Our administration costs may be recovered by charging an administration fee. The administration fee will be based on our reasonable assessment of the cost of doing the work or providing the service in question. This means that we can change the administration fees to reflect a change in the cost of doing the work or providing the service. Fees may be reviewed from time to time and details will be sent to you.

6.3 Our charges and expenses are payable with interest at the rate applicable to the relevant obligations from the dates they are paid, incurred or charged.

7. Transfer

7.1 We may, without your consent, transfer, and charge or otherwise dispose of any or all of our rights under the Mortgage Documents and any of our related interests to any person or persons whatever. You may not transfer or otherwise dispose of any of your rights or obligations under the Mortgage Documents without obtaining our prior written consent.

7.2 You agree that, if we transfer or otherwise dispose of any of our rights to any person, you will be bound to that person in the same manner and to the same extent as you are bound to us under the Mortgage Documents.

7.3 By executing a Mortgage Deed, you consent to us disclosing or passing information to any person in connection with any transfer or proposed transfer or any financial arrangement in relation to the Mortgage Documents or any other documents relating to you, the Property, the Mortgage Documents, or the history of the conduct of any account secured by the Mortgage Documents.

8. Continuing Security and Further Assurance

8.1 The charge created by the Mortgage Deed will be in addition to any other security held now or in the future by us for your obligations and will not merge with or prejudice any other such security.

8.2 You will at your expense, on request, sign any further deed or document and take any action reasonably required to perfect or protect our security over the Property.

8.3 We may refuse to allow any one Mortgage Deed to be redeemed separately from any other Mortgage Deed you have given us.

8.4 If any term of the Mortgage Deed or these Mortgage Terms is unenforceable, this will not affect our right to enforce the other terms.

9. Power of Attorney

Insofar as necessary to give effect to the terms of the Mortgage Deed and secure the exercise of any of our powers under it, you irrevocably appoint us and any receiver or receivers to be your attorney (with full power of substitution and delegation), in your name to sign, execute or otherwise authorise any documents, deeds and other instruments or take, continue or defend any proceedings.

10. Notices

We will send statements, notices or other correspondence to you at the Property or any other address of which you have given us notice. Notices and correspondence from us will be effective two days after posting, or if sent by hand, when delivered.

11. Governing Law and Changes to these Mortgage Terms

11.1 The Mortgage Deed and these Mortgage Terms are governed by English Law.

11.2 We may change these Mortgage Terms:

- (a) to comply with any changes in applicable law, or with the requirements or recommendations of a regulator or similar body, or to give effect to a decision of a court or an ombudsman; or
- (b) where the change or changes would be to your advantage.

We will tell you about any changes by writing to you at the address for correspondence shown in our records and you will be given reasonable notice before the changes take effect. We will send you either a summary of the changes or a copy of the new mortgage terms.

This leaflet is available in Braille, large print and on audio tape. Ask in branch or call **0345 722 2345** (Minicom **0800 404 6160**) to request that the leaflet/brochure be sent to you in an alternative format.

The Royal Bank of Scotland is a member of the Financial Services Compensation Scheme (FSCS). The Scheme can pay compensation to customers if they are eligible and a regulated firm is unable to pay claims against it, usually if the firm stops trading or is insolvent. Compensation limits apply depending on the type of claim:

Mortgage advice and arranging (for business conducted on or after 31 October 2004): maximum £50,000, i.e. 100% of first £50,000 per person.

Compulsory insurance (e.g. third party motor): 100% of the claim, without any upper limit.

Non-compulsory insurance (e.g. home and general): maximum 90% of the claim, without any upper limit.

General insurance advice and arranging (for business conducted on or after 14 January 2005): maximum 90% of the claim, without any upper limit.

Most retail consumers (this includes private individuals and some small businesses) are eligible under the Scheme. For further information on the conditions governing compensation and details on how to apply please refer to the FSCS at www.fscs.org.uk

The Royal Bank of Scotland plc.

Registered Office: 36 St. Andrew Square, Edinburgh EH2 2YB.

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