

HSBC Mortgage Loan Terms and Conditions

2018 v2 Edition

Important – please read this first

- ◆ These conditions are an important part of the legal agreement between you and us for your mortgage. We recommend that you keep them in a safe place along with all the other documents we send to you, in case you want to refer to them at a later date.
- ◆ You should read these conditions carefully as they set out the basis on which we are prepared to lend to you (if you are the borrower) and what you are agreeing to when you enter into the mortgage. These conditions will also apply to mortgages you enter into where you are not the borrower.
- ◆ Your legal adviser should explain the mortgage and your rights and responsibilities. You should ask your legal adviser if there is anything you feel you do not understand.
- ◆ Do not sign anything unless you are sure you understand the responsibilities you are taking on by entering into the mortgage.
- ◆ Please note that if you are the borrower, your ability to borrow additional money or to make any changes to the mortgage may be affected if you move abroad during your mortgage term.

Summary of your responsibilities

This section contains a summary of your responsibilities under the mortgage.

You must still read the whole of these conditions and the other documents comprising the mortgage as they form your legal relationship with us.

1. Before completion

- ◆ Our offer of a loan is binding on us for the period it remains valid but we can withdraw it if there is some material change to your circumstances since the offer was made, or if we discover an inaccuracy or omission in the information that was supplied in support of your application, or in certain other circumstances, for example where we know you will be unable to comply with the terms of the mortgage;
- ◆ We will only proceed when our requirements about the property have been satisfied so that on completion we will have a first ranking mortgage or legal charge (or standard security where the property is in Scotland or the equivalent document where the property is located in the Channel Islands or the Isle of Man) over a property of acceptable value and to which there is a good and marketable title.

2. If you are the borrower you must:

- ◆ repay the loan (and any additional borrowing you take), any fees, interest, expenses, and any other amounts you owe us under the mortgage by the end of the term or earlier in line with the mortgage;

- ◆ make your monthly payments by Direct Debit in full on each payment day;
- ◆ pay any fees and expenses set out in the offer, whether or not you decide to finally go ahead with the loan;
- ◆ make separate arrangements to repay the relevant capital at the end of the term if all or any part of the loan is on an interest only basis.

3. If you are the legal owner of the property and signing the mortgage deed giving us security for the money we lend, you must:

- ◆ take out and maintain at your own cost throughout the term insurance in line with our requirements to cover loss and damage to the property;
- ◆ keep the property in good repair at all times and keep to all requirements mentioned in the title deeds or under planning or building law;
- ◆ not give any person rights or create another mortgage over the property unless we have given our written consent;
- ◆ not share or give up possession of the property or any part of it unless you have a buy to let mortgage or we have otherwise given our written consent and, if you are letting the property, you are doing so in accordance with our requirements and all relevant legislation in the country where the property secured is located;
- ◆ get our written consent before you alter the structure of the property, or add anything to it or demolish all or any of the property, or change its use;
- ◆ use the property only as your main residence unless you have a buy to let mortgage or we agree otherwise;
- ◆ if you have a buy to let mortgage you will not occupy the property nor allow members of your family to do so, and the property must only be let in accordance with our requirements and all relevant legislation in the country where the property secured is located.

4. What we can do:

- ◆ if the interest rate is a variable one that changes with our Standard Variable Rate, we can change this rate for certain specific reasons (for example, changes in the costs of funding our business). Please note that if the interest rate is at a discount to our Standard Variable Rate, the rate charged will never fall below 0%;
- ◆ if the interest rate tracks the Bank of England base rate, it will change in line with changes to that rate although please note the rate charged will never fall below 0%;
- ◆ changes to the interest rate, and certain other events (for example, if there is a change to the monthly payment date), may mean that we can change the monthly payments. We will give the borrower notice before any change in the monthly payment amount takes effect;
- ◆ if you do not keep to the terms of the mortgage then, in order to correct your failure, we can do anything that you should have done;
- ◆ we can charge our reasonable costs due to exercising our rights resulting from your breaches or if you ask us to provide certain services to you. If you do not pay them they will be added to the mortgage debt and incur interest;
- ◆ if the borrower falls at least two months behind with the payments, or you seriously breach your other obligations to us, or certain other events occur

such as you becoming bankrupt (or any equivalent), we may demand repayment and/or seek a court order for possession of the property and/or look to sell the property and/or (where applicable) appoint a receiver over it to collect any rental income and/or seek a court declaration of bankruptcy (where applicable). If we have to sell the property or other security, we will do so for the best price we can reasonably obtain in the circumstances, having taken advice on the price it should be sold for and the best method of sale;

- ◆ from time to time we may require details of the insurance taken out to cover loss or damage to the property and evidence that the insurance is in place;
- ◆ where you are the borrower, we may use any savings, current or other account balance you have with us to recover all or some of the mortgage debt which is outstanding;
- ◆ we may transfer all or some of our rights under the mortgage to anyone at anytime without advance notice to you.

5. Scotland and Northern Ireland

- ◆ Certain sections of these terms and conditions (or parts of them) only apply where the property is located in Scotland or Northern Ireland as the law differs in some respects from that in England and Wales.
- ◆ Equally, certain sections of these terms and conditions (marked “England, Wales and Northern Ireland only”) only apply where the property is located in England, Wales or Northern Ireland due to differences in the law.

6. Channel Islands and the Isle of Man

If the property is located in either the Channel Islands or the Isle of Man, then these terms and conditions will only apply in respect of the loan but subject to anything to the contrary in the documentation issued in the Channel Islands or the Isle of Man relating to the security taken or to be taken over the property.

7. Existing customers

- ◆ If you have already signed a mortgage deed over the property which incorporates an earlier version of our terms and conditions relating to the mortgage of the property, and which will remain in place as security for the mortgage instead of a new mortgage deed being signed, then these conditions apply in a different way. In this case, the terms and conditions incorporated in the existing mortgage deed continue to apply to the property and only the terms and conditions in this document dealing with the loan itself will come into effect.
- ◆ If you already have a loan with us and we have advised you need to give us a new mortgage over the property, then these conditions will also apply in a different way. In this case, the existing terms and conditions relating to the loan itself will continue to apply and only the terms and conditions dealing with the security and the property will come into effect when you sign the new mortgage deed (unless you are also obtaining additional borrowing in which case these conditions apply in their entirety to the loan for this).

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1. Understanding these terms and conditions

In this condition we explain what certain words and phrases used within these terms and conditions mean.

Words and expressions

Certain words and expressions used in these terms and conditions have special meanings. These appear in the “**Glossary**” at the end of these terms and conditions or are explained below. They are also in **bold** font. The Glossary also contains some important information about how to read and understand these conditions and you should read it carefully.

What we mean by “you”

Where you are the **borrower**, in these terms and conditions “you” “your” and “yours” refers to each **borrower** (and all of them together if there is more than one).

Where you are not the **borrower** but are giving us an **indirect mortgage**, “you” “your” and “yours” mean the person who signs the **mortgage deed** under the **indirect mortgage** (and all of them together if there is more than one).

In each case this also includes:

- ◆ personal representatives; and
- ◆ any person to whom title to the **property** passes (where applicable to the owner of the **property**).

Some terms and conditions only apply to particular people (for example, some conditions dealing with the **property** will not apply to the **borrower** where they have not also signed the **mortgage deed** as they have no legal interest in the **property**). We will say where this is the case and

the references in those conditions to “you” and “your” should be read as excluding anyone to who the particular condition does not apply.

Where there is more than one **borrower**, each **borrower** is fully responsible to us for the full **mortgage debt**.

Where more than one of you are signing the **mortgage deed**, we can enforce our rights under the **mortgage** against any or all of you and each of you is fully responsible to us for the full **mortgage debt**. Where there is more than one of you signing the **mortgage deed** under an **indirect mortgage** we can enforce our rights under the **indirect mortgage agreement** against any or all of you and each of you is fully responsible to us for the full **mortgage debt**.

What we mean by “us”

Where we refer to “us”, “we” or “our” we mean whichever of HSBC Bank plc or HSBC UK Bank plc is named in your offer and any **transferee**.

2. Before completion

This condition sets out the conditions which must be satisfied before completion and the rights you and we have to withdraw from the mortgage before completion occurs.

This condition only applies to you if you are the **borrower**.

When can you withdraw?

You can withdraw from the **mortgage** at any time before **completion**. If you wish to do so you must contact us by telephone, in writing or by secure e-message (if you are registered for our Online Banking Service).

If you withdraw before **completion** any charges you incur will be set out in the **offer** but you will not have to pay any early repayment charge unless you have an existing **mortgage** and there are such charges payable under that.

When can we withdraw?

We can withdraw from the **mortgage** at any time before **completion**, which will mean that the **loan** is not available, in any of the following circumstances:

- ◆ there has been a material change in your circumstances for the worse since you applied for the **loan** and, had the change in your circumstances existed at the time we made our original decision to lend to you, this would (in our reasonable view) have materially affected our decision to lend to you on the same (or broadly the same) terms and conditions;
- ◆ we discover you falsified any of the information or financial details relevant to our assessment of affordability that you gave us (or which were given on your behalf) in support of your application for the **loan**;
- ◆ we discover that you knowingly withheld any information relevant to our assessment of affordability;
- ◆ you are unable to comply with any material term or condition of the **mortgage**.

We may also delay **completion** where any of these circumstances apply but where it appears to us that the issue may be capable of resolution within a reasonable period of time (less than two months). We will only delay **completion** for such period as we consider reasonable in the circumstances.

Unless you ask us not to and we agree, the **offer** will be cancelled and withdrawn automatically:

- ◆ if **completion** does not take place within six months from the date that you tell us to book the **loan** (or any part of it) at the **interest rate** that you require and, where applicable, you have paid the appropriate fee; and
- ◆ in all other cases, six months from the date of the **offer**.

Please note that we have relied on the information and financial details that you gave us (or which were given on your behalf) in support of the application when we issued the **offer** and agreed to enter into the **mortgage**. If any of this information or any financial detail has changed you must tell us as soon as possible and in any case before **completion**. We may ask you at any time before **completion**:

- ◆ to provide us with reasonable evidence to support the information and financial details given in support of the application or which may have been given to us subsequently; and
- ◆ to confirm whether the information and financial details given in support of the application or which may have been given to us subsequently are still correct.

If we do request any of this information or financial details before **completion**, you must provide it to us as soon as reasonably practicable.

Conditions which must be satisfied before completion

The following conditions, together with any set out in the **offer**, must be satisfied on or before **completion**:

- ◆ there must be a signed **mortgage deed** which will give us a first legal charge (or, where the property is (1) in Scotland, a first ranking standard security or (2) in the Channel Islands or the Isle of Man, the equivalent deed or document creating such security in the relevant jurisdiction) over the **property**;
- ◆ the person(s) signing the **mortgage deed** must have a good and marketable title to the **property** free from any restrictions, encumbrances, burdens, conditions or other matters which might adversely affect its value or marketability and which satisfies our requirements and instructions to the legal adviser acting for us (who may or may not also be acting for you) so that we have received an acceptable certificate of title from them; and
- ◆ the **property** must have been valued and be satisfactory to us.

Use of purchase funds

If you are using the **loan** to purchase the **property**:

- ◆ the purchase price must be that stated in the sale contract for the **property** which has been supplied to the legal adviser who reports to us on the title to the **property**;
- ◆ the purchase price must not in any way be reduced nor must any part of it be left outstanding on **completion**;
- ◆ the full purchase price must pass through your legal adviser's client account;

- ◆ unless we have given our express written consent you must provide the balance of any purchase money from your own resources. The balance must not be provided by any other loan (or gift), whether secured on the **property** or not, and it must not be provided by anyone else in return for any rights in the **property**; and
- ◆ you must not be purchasing the **property** as a nominee or trustee for anyone else, nor must anyone else be given any option or other right to buy it from you, unless we have consented in writing.

If any circumstance arises which might mean that you cannot comply with any of the above you must notify us as soon as you become aware.

Valuation and retentions

Your **offer** will mention an assumed value for the **property**. The purpose of any **valuation** is only to help us to decide if the **property** is an adequate security. You should not rely on the **valuation** for any purpose at all.

We are not obliged to give you a copy of a **valuation** but if we do it is for information only. Any valuer we use is not our agent and we are not providing a warranty for the value of the **property** or its condition or that any price you are paying is reasonable.

The **valuation** may indicate that certain works have to be carried out on the **property**. If the **offer** does not specify a particular period within which these works must be carried out, they must be carried out as soon as practical after **completion**. If a time period is specified in the **offer**, the works must be carried out within that period.

If the **offer** states we will hold back some of the **loan** on **completion** by way of retention until work specified is carried out or some other specified conditions are satisfied, that money will not be released until the work has been carried out to our satisfaction or the conditions otherwise satisfied. We will send that money directly to you once we are satisfied the work has been carried out or, as the case may be, the other conditions have been satisfied.

Interest rates

If the **interest rate** is variable it may change before **completion** in the same manner as it may after **completion** as provided in conditions 7 and 8.

3. Repaying your loan

This condition sets out how you will repay the mortgage if you are the borrower.

This condition only applies to you if you are the **borrower**.

You agree to repay the **loan** with interest at the **interest rate** by making the **monthly payments** over the **term** (and any separate repayment of the capital element if your **loan** is on an **interest only basis**). If it has not become repayable earlier under these conditions, the **mortgage debt** must be repaid in full on or before the last day of the **term**.

Interest

Condition 6 sets out more information on how we calculate and charge interest.

Monthly payments

You will make the **monthly payment** to us on each **payment day** by Direct Debit from an account in your name (where there is more than one of you, in the name of at

least one of you) nominated by you and approved by us, or by any other method agreed by us.

For more information about **monthly payments**, how they are worked out and applied, and how and when they (or your **payment day**) may change, please see condition 5.

Capital and interest mortgages

If all or any part of your **loan** is on a **capital repayment basis**, each **monthly payment** will include both an amount in payment of the capital part of the **mortgage debt** and an amount in payment of interest for the relevant month. Please see condition 5 for more information on how we work this out.

Interest only mortgages

If all or any of your **loan** is on an **interest only basis**:

- ◆ each **monthly payment** will only include an amount in payment of interest for the relevant month. Please see condition 5 for more information on how we work this out;
- ◆ the capital element of the **mortgage debt** (and any other amounts outstanding) must be repaid at the end of the **term** (or sooner if the **mortgage debt** becomes repayable under these conditions). Interest will continue to be charged on the **mortgage debt** after the expiry of the **term** in the same manner as before expiry;
- ◆ you must have in place before **completion** and maintain until the **loan** is repaid a credible repayment strategy to fund the repayment of the capital and which must be acceptable

to us. You must review this strategy on a regular basis to ensure it will be sufficient to repay the relevant amount. Please remember it is your responsibility to repay the capital whether or not the repayment strategy produces the required amount; and

- ♦ you must promptly provide us with any evidence which we reasonably require of your repayment strategy (and, where relevant, that you are making the appropriate payments to your repayment strategy) and that it is going to be sufficient to repay the **loan** in full at the end of the **term**.

If only part of your **loan** is on an **interest only basis** then these provisions will apply solely to the relevant part.

When you have to repay your loan early

If certain things happen (for example you do not keep up with the **monthly payments** or to the terms of the **mortgage**) then we can demand repayment of the **mortgage debt** in full and enforce our rights against you and the **property** (for example by taking possession, selling the **property** or appointing a receiver). Please see condition 13 (or condition 25 if the **property** is located in Scotland, the Channel Islands or the Isle of Man) for more information including the full list of events that can allow us to demand repayment and what can happen afterwards.

When you can choose to repay your loan early

You can repay the **loan** early (and may be able to make early repayments of part and/or overpayments) as set out in the **offer** and in condition 9.

4. The property

This condition sets out your main responsibilities to us in relation to the property.

This condition does not apply to you if you are a **borrower** who is not signing the **mortgage deed** as you will have no legal ownership in the **property** from **completion**.

Please note that if you have a **buy to let mortgage**, condition 22 sets out additional requirements.

Insuring the property

The **property** must be insured at your cost from **completion** against all loss and damage and covering such risks as we reasonably require and in accordance with the **offer**. We are not under any obligation to check the adequacy of the insurance cover. The insurance must be maintained either:

- ♦ by you; or
- ♦ by a landlord or other party where required under the terms of a lease of the **property**.

For our further requirements relating to insurance please see condition 12.

Occupying the property

You must occupy the **property** as your main residence unless you have a **buy to let mortgage** or we have given our written consent to your letting the **property** or to it not being used as your main residence. You must make sure that any **borrower** not signing the **mortgage deed** also so occupies the **property** unless we have given our written consent otherwise.

You must have vacant possession of the whole of the **property** at **completion**.

Other occupiers

You must tell us before **completion** of anyone who is or will be 17 years old or greater at **completion** who will be living at the **property** with you who has not signed the **mortgage deed** (this includes any **borrower** not signing the **mortgage deed**). Any such person must sign a document in our standard form making any interest they have in the **property** subject to the **mortgage deed**.

What you will do

You agree that you will:

- ◆ keep the **property** in good repair and condition (and put it into good repair and condition if it is not at any time);
- ◆ keep all the utilities and any testing systems on the **property** in good working order;
- ◆ allow us to enter the **property** on reasonable advance notice and to inspect it and to carry out work which we have requested you to do and which you have failed to do within a reasonable time;
- ◆ keep to all restrictions, covenants, burdens, conditions and laws which affect the **property** or its use;
- ◆ if you receive any notices about the **property**, send us a copy within a reasonable time and keep to the requirements of the notice, and our reasonable requirements about the notice;
- ◆ pay all taxes, rates, charges and other money payable for the **property** on time and produce the receipts to us within a reasonable period if we ask you to; and
- ◆ (if the **property** is leasehold):
 - comply in full with your duties under the lease;
 - send us a copy of any legal notice which you give in respect of the lease;
 - inform us of any proposal to convert the leasehold title to commonhold (England and Wales only);
 - if the term of the lease is extended (or if you acquire the freehold or heritable title) sign a new **mortgage deed**, incorporating these conditions, giving us a legal charge or mortgage (or, where the **property** is in Scotland, standard security) over the extended term or the freehold or heritable interest if we ask;
 - where the **property** is located in Northern Ireland, inform us of any proposal and/or application to buy out the ground rent for the **property**.

What you will not do

You agree not to do any of the following without first obtaining our written consent:

- ◆ materially alter the structure of the **property** or add anything to it or demolish all or any material part of the **property** or change its use. Where necessary, you must also obtain the approval of the local planning authority to the changes;
- ◆ not carry on (nor allow to be carried on) any trade or business at the **property**;
- ◆ grant or agree to grant any lease, tenancy or licence of the **property**, and where the **property** is located in England and Wales, exercise any right you have under the **LPA** or, where the **property** is located in Northern Ireland, under the **1881 Act** and/or the **1911 Act** or,

where the **property** is located in the Isle of Man, under the Conveyancing (Leases and Tenancies) Act 1954 of the Isle of Man, to grant leases except where you have a **buy to let mortgage** or you have our written consent to let the **property** and you are letting the **property** in accordance with these conditions;

- ◆ create or allow to exist any security over the **property** other than the **mortgage deed**;
- ◆ dispose of, share or part with possession of the **property** or any of it (except where you have a **buy to let mortgage** or you have our written consent to let the **property** and you are letting the **property** in accordance with these conditions);
- ◆ if the **property** is leasehold, surrender or renounce the lease, agree to any changes in its terms or break any of its terms so as to allow the landlord to forfeit or terminate the lease;
- ◆ if the **property** is subject to a lease, accept or grant a surrender or renunciation of that lease or agree to change any of its terms;
- ◆ leave the **property** empty for more than 60 days;
- ◆ allow any person other than you to be registered as the proprietor of the **property**;
- ◆ knowingly cause or allow the **property** to become contaminated land under relevant law; or
- ◆ negotiate, settle or waive any claim for loss, damage or compulsory purchase in respect of the **property**.

Getting our consent

Where you are obliged to ask for our consent under this condition we will act reasonably in deciding whether or not to give it and if so on what conditions.

Management companies and share transfer properties (in Jersey)

If you hold a share in a management or residents' company or similar association because of your interest in the **property**, or (in Jersey only) you hold shares which entitle you to exclusive occupation of certain **property**, you will if required by us deposit any share certificate with us together with a signed share transfer form with the name of the transferee left blank.

We will be entitled to do any of the following things on your behalf:

- ◆ transfer the share to any person to whom we have sold the **property** under our power of sale and receive any consideration for that transfer;
- ◆ exercise any voting rights as a result of our having taken possession of the **property**; and
- ◆ (in Jersey) become the owner of those shares and either continue to hold the shares as owner or sell those shares, as we see fit.

5. Monthly payments – more information

This condition sets out more information about your monthly payments, including how we work them out and when the amounts (or the day in a month you must make them) may change.

This condition only applies to you if you are the **borrower**.

Making monthly payments

For the purpose of calculating the **monthly payment** we may assume that each month is an equal 12th part of the year.

Any money which you pay us will be treated as received by us only when we receive the money in cleared funds. We may provisionally post payments to the **account** sooner than when funds clear, for example when a cheque or Direct Debit is received, but these will be reversed on the **account** and be treated as never having been received should they not clear.

How we work out monthly payments – capital and interest mortgages

If all or part of your **loan** is on a **capital repayment basis** we will calculate the **monthly payment** to ensure the capital element of the **loan** or the relevant part is repaid over the **term**. Please note that if you miss **monthly payments** or incur **expenses** we may not necessarily change the **monthly payments** until some other event occurs which would allow us to do so as described in the section “**Changes to the monthly payment**” below so that you could be incurring additional interest which is not covered in the **monthly payments**.

Without limiting our rights to make changes as set out below, please note we will typically make a change to **monthly payments** if, for example, the **interest rate** changes, we release any **additional borrowing** or retention, you make an overpayment or one-off early repayment or there is some other mutually agreed change to the payment arrangements for the **mortgage**, at which point we will recalculate the **monthly payments** to reflect any extra interest and capital balance as well.

How we work out monthly payments – interest only mortgages

If all or any of your **loan** is on an **interest only basis** the **monthly payment** will be based on how much interest will be paid over the **term** divided by the number of **monthly payments**. These **monthly payments** will remain constant however, until we make a change in the **monthly payments** as set out in the section “**Changes to the monthly payment**” below and we may not necessarily do this simply because of differing numbers of days in a month or if you miss **monthly payments** or incur **expenses**, so that you could be incurring additional interest which is not covered in the **monthly payments**. Without limiting our rights to make changes as set out below, please note we will typically make a change to **monthly payments** if, for example, the **interest rate** changes, we release any **additional borrowing** or retention, you make an overpayment or one-off early repayment or there is some other mutually agreed change to the payment arrangements for the **mortgage**, at which point we will recalculate the **monthly payments** to reflect any extra interest as well.

If only part of your **loan** is on an **interest only basis** then these provisions will apply solely to the relevant part.

First and last monthly payments

After **completion**, we may require you to make an adjusted payment to reflect interest for the period between **completion** and the first **payment day**. This may be more or less than your usual **monthly payment**. We will write to you to let you know the exact amount involved.

We will tell you after **completion** when the final **payment day** will be. Shortly before you repay the **mortgage debt** at the end of the **term**, we will calculate the final **monthly payment** to be made to reflect the amount of interest that has become payable since your last **monthly payment**.

Changes to the monthly payment

We can change the amount of the **monthly payment** from time to time by mutual agreement or for any of the following reasons:

- ◆ changes to the **interest rate**;
- ◆ changes to the **mortgage debt** (including any retentions from the original **loan**, **additional borrowing**, overpayments or one-off early repayments applied to capital);
- ◆ mutually agreed changes to the **term**;
- ◆ changes to the **payment day**;
- ◆ mutually agreed changes to and from an **interest only basis**;
- ◆ changes to ensure the **mortgage debt** is fully repaid by the end of the **term** (but we will not change the **monthly payment** to reflect any arrears of **monthly payments** other than by mutual agreement. An example of the type of change we might make in this way are minor adjustments which we may make on an annual basis to make sure your exact payments and balances are aligned); and
- ◆ the granting or withdrawal of any concession.

We will give the **borrower** at least 14 days' notice of any changes to the **monthly payment**.

Where items of the **mortgage debt** are not recovered through the **monthly payments**, you will need to make sure these items are all repaid at the end of the **term** (or if they become repayable earlier).

If we calculate the amount of a new **monthly payment**, we will still be entitled to demand immediate payment of any shortfall of **monthly payment** and other money which you owe at the time of the recalculation. The recalculation will not mean that we agree to not take any action which we could take under the **mortgage**.

Application of payments – between accounts

Where you have more than one **account** and you make a payment that is insufficient to cover the **monthly payments** for all your **accounts** then, unless you ask to allocate the payment in a particular way between the **accounts**, we will try to contact you to discuss allocation. If we are unable to contact you within a reasonable period, we will apply the payment received as follows until it has all been used:

- ◆ first, where an **account** is in arrears, to that **account** (or where there is more than one **account** in arrears, to that with the highest **interest rate** at the date the payment is received and then to the **account** with the next highest etc.) to the extent required to clear the arrears;
- ◆ with the remainder being applied equally between **accounts**.

Application of payments – within an account

We will apply any payment made by you in the following manner within each **account**:

- ◆ first to any arrears of **monthly payments**;
- ◆ then to pay any unpaid interest;
- ◆ then to any unpaid **expenses**;
- ◆ with any remaining amount being used to pay outstanding capital.

We can change this order in any manner which is not detrimental to the **borrower** (or to any method which would conflict with any legal or regulatory requirements) by giving the **borrower** at least 14 days' notice.

Changes to the payment day

We may change the **payment day** from time to time after the first **payment day** for any of the following reasons:

- ◆ to accommodate changes in technology or our systems; or
- ◆ to accommodate the technology or systems of a **transferee**.

We will tell the **borrower** of the change. The notice will be given a reasonable amount of time before the change takes effect and this will be at least 30 days.

You can also ask us to change the **payment day** after the first **payment day**. We will act reasonably in considering such a request from you. We will generally require a minimum of five **business days'** notice of the new requested **payment day** if we agree to it so that we have time to set it up, otherwise the change may take effect from the following month.

We may postpone changing your **payment day** if the change would result in your not having a **monthly payment** fall due in any calendar month.

6. Interest – more information

This condition sets out more detail about how we charge interest on the mortgage debt.

This condition only applies to you if you are the **borrower** (but please see condition 23 if you have an **indirect mortgage**).

The **interest rate** charged will be as set out in the **offer** and, in the case of variable rates, will vary from time to time as set out in the **offer** and conditions 7 and 8.

The **interest rate** is an annual rate. Interest will accrue at the **interest rate** on the **mortgage debt** on a daily basis based on a 365 day year. Interest is debited to the **account** monthly in arrears (calculated on the number of days in the preceding month) on each **payment day**.

There may be more than one **interest rate** applying to different parts of the **mortgage debt** as described in the **offer**. These conditions apply to each such rate as applicable.

We will debit the **loan** to the **account** along with any fees or other **expenses** added to it on **completion**. If the **loan** is made by instalments, or if any amount is retained by us at **completion**, we will debit the **account** with each instalment or amount retained when we pay the relevant amount to the **borrower** or their legal adviser.

Interest will be charged from the date on which we debit the **account** with a **loan** and/or any fee or charge as applicable (or, in the case of **expenses**, from the date that we incur them). We will charge interest up to the date the **mortgage debt** is repaid. Because we define **completion** for these purposes as the date we send the **loan** to the legal adviser, which will usually happen before the date any purchase or remortgage of the **property** occurs, this means that interest may start being incurred from a date before the date of purchase or remortgage of the **property**. This should not be more than a few days and it is the responsibility of the legal adviser to account for any interest they earn on the money we sent them while they were holding it.

Payments made to reduce the **mortgage debt**, including those that form part of the **monthly payment**, will reduce the amount on which we calculate interest from the date payments are paid to the **account**. Any interest which is not paid on the relevant **payment day** will itself form part of the **mortgage debt** and bear interest from that **payment day** until it is paid.

We will continue to charge interest at the **interest rate** after any court order requiring payment of the whole or any part of the **mortgage debt** and/or after sale of the **property** should there be any shortfall.

Changes to the interest calculation

If we change our systems and procedures then we may change the method we use to apply and calculate interest. Any such change must not be detrimental to the **borrower**. We will tell the **borrower** at least 30 days before any such change.

A **transferee** may change the method of calculating interest described in this condition to reflect these procedures and will tell the **borrower** of the same at least 30 days before any such change. Any such change must not be detrimental to the **borrower**.

7. Changes to the Standard Variable Rate

This condition sets out how and when we can change our Standard Variable Rate.

We can change the **Standard Variable Rate** at any time if we reasonably believe the change is to the **borrower's** advantage or is needed for any one or more of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future):

- ◆ to respond to changes in the general law or decisions of the Financial Ombudsman Service;
- ◆ to meet our regulatory requirements;
- ◆ to reflect new industry guidance and codes of practice which raise standards of consumer protection;
- ◆ to respond to any changes in the **Bank of England base rate**, other specified market rates or indices or tax rates;
- ◆ to reflect other legitimate costs in providing the **loan** (or, if the **loan** is made up of more than one part, that part of the **loan** which is, or those parts of the **loan** which are, at a variable rate) (including our funding costs).

Any such change will be proportionate to the reason(s) for making it.

If the **offer** contains a rate guarantee in respect of the variable **interest rate**, any change in the **interest rate** will not depart from the terms of that rate guarantee for the period it is stated to apply in the **offer**. If the **offer** states that the **interest rate** is calculated as a discount to the **Standard Variable Rate** for some or all of the **term**, in no circumstances will the **interest rate** fall below a floor of 0%.

Where the then current **interest rate** is charged by reference to the **Standard Variable Rate** we will tell the **borrower** if we change the **Standard Variable Rate**. We will do this by putting the new rate on our **website** and will also confirm the new **Standard Variable Rate** when we tell the **borrower** what the new **monthly payments** will be. Any change in the **Standard Variable Rate** will take effect when we make it.

The **monthly payment** will be recalculated following a change in the **interest rate** as set out in condition 5.

A **transferee** may use its own standard variable rate in place of the then current **Standard Variable Rate**. If so, it will notify the **borrower** at least 30 days prior to such change. This new rate will become the **Standard Variable Rate** and may be varied in accordance with this condition.

8. Changes to the Bank of England base rate

This condition sets out how we will make changes to any interest rate which is a tracker rate linked to the Bank of England base rate.

If the **interest rate** is described in the **offer** as linked to the **Bank of England base rate**, then during the relevant **product period** the **interest rate** will change to reflect any changes to the **Bank of England base rate** from time to time but in no circumstances will the **interest rate** fall below a floor of 0%. **Interest rate** changes will take place the day after the **Bank of England base rate** changes.

The **monthly payment** will be recalculated following a change in the **interest rate** as set out in condition 5.

If any of the **term** remains after the relevant **product period** has expired, the **interest rate** will be linked to the **Standard Variable Rate** as described in the **offer** and this may change as described in condition 7.

9. Early repayment, overpayments and moving property

This condition deals with making overpayments or early repayments of all or part of the loan and what happens if you choose to move property.

This condition only applies to you if you are the **borrower**.

Overpayments

You can make overpayments (that is, where you pay to us more than the amount of your **monthly payment**) to any **account** in accordance with the **offer** and this condition. You can either make regular monthly overpayments by adding the amount to your **monthly payment** or you can make one-off payments from time to time.

If you wish to make regular monthly overpayments you must set these up with us beforehand so that we can adjust your Direct Debit and collect it with your **monthly payment**. You can arrange to set up, discontinue or change a monthly overpayment in writing, by secure email through our Online Banking Service (if you are registered for it) or by telephone at any time after **completion**. We must receive your request at least five **business days** before your next **payment day** so that we can set it up in time for that payment, otherwise the change will take effect from the following **payment day**. You should review the amount of any regular monthly overpayment following any change in the **interest rate**.

One-off payments

You can make one-off payments in accordance with the **offer** and this condition at any time by notifying us in writing or by telephone; and

- ◆ by transferring money from an HSBC current or savings account (although this will be subject to the conditions of that account) using our Online Banking Service if you are registered for it; or
- ◆ by transferring money from an account held with another bank or building society.

Effect

With regular monthly overpayments and one-off payments we will recalculate the outstanding balance of the **mortgage debt** for the purposes of calculating interest on the same day we receive the payment. Unless you have asked us to recalculate your **monthly payment** or we have agreed otherwise, we will not recalculate

your **monthly payment** unless any of the following events has occurred:

- ◆ there has been a change in the **interest rate**;
- ◆ any **product period** has expired;
- ◆ we have agreed to change any of the terms of your **mortgage** (for example the **payment day**, **term** or from or to a **capital repayment basis**);
- ◆ you have stopped making the regular monthly overpayments or changed the amount of them.

Any regular monthly overpayments or one-off payments:

- ◆ cannot be refunded once credited to the **account** unless we have been responsible for incorrectly crediting them to that **account**; and
- ◆ cannot be used by you at a later date to offset against any payment shortfall.

Early repayment charges

If you make regular monthly overpayments or a one-off payment (over any annual overpayment allowance described in the **offer**) or repay in full, an early repayment charge may apply as set out in the **offer**. An early repayment charge may also apply where you switch to a new product with us during any period when the **offer** states that an early repayment charge may apply. We will not charge an early repayment charge if the **mortgage debt** is repaid in full on your death (or on the first death where there is more than one of you).

If you move from the **property** during any **product period** and pay an early repayment charge but then you buy another property and:

- ◆ we agree finance by giving you a new loan as described in the section “**Moving property**” below; and
- ◆ the money for the new loan is drawn down and used to buy that new property within six months of the date you paid the early repayment charge,

then we will refund you either:

- ◆ the full amount of the early repayment charge if we lend you the same amount as the balance of the **loan** (or the relevant part(s) where your **loan** was in parts) at the date of repayment, at the same **interest rate**, and on the same type (fixed, tracker or discount) of **mortgage** for the remainder of the relevant **product period**; or
- ◆ a proportionate part of the early repayment charge if we lend you less than the amount that was the balance of your **loan** (or the relevant part(s) where your **loan** was in parts) at the date of repayment, at the same **interest rate**, and on the same type (fixed, tracker or discount) of **mortgage** for the remainder of the relevant **product period**. We will calculate this by dividing the amount of the new **loan** requested by the amount of the **loan** repaid, both being on the same **interest rate** and type of **mortgage** and multiplying that figure by the amount of the early repayment charge.

Moving property

If you move **property** during the **term** we may agree to lend you the same amount that was the balance of the **mortgage debt** at the same **interest rate** over the same duration (or, where the **loan** is in

more than one part, **interest rates**) then remaining provided that:

- ◆ we are satisfied with your credit history;
- ◆ we are satisfied the new property being offered as security is acceptable to us (a new legal charge may be required in some cases);
- ◆ we are satisfied the new lending meets our standard lending policy and assessment criteria at the relevant time;
- ◆ the new loan is used to buy the new property with no change in parties to the loan (unless there is an agreed transfer of equity) and the existing **mortgage debt** is repaid in full. Where the parties do not want to take out the new loan jointly with each other (for example owing to separation or divorce) we may agree to lend each party up to the same amount as their agreed proportion of the **mortgage debt** at the same interest rate(s) for a period equating to the remainder of the **term**.

If we agree to lend more than the balance of the **mortgage debt** at the time you move property, then as well as lending the same amount as above, you can choose from our then current product range to borrow the additional amount subject to availability, the terms and conditions of the product(s) concerned and our standard lending policy and assessment criteria which are applicable at the time. If any the **mortgage debt** is repaid as a result of moving property this will be subject to any early repayment charges as described above.

10. Expenses

This condition explains how we can charge fees and expenses for matters which arise during the life of your mortgage.

You must pay our **expenses** in full when they are incurred and demanded.

We will use reasonable efforts to give you advance notice of **expenses** incurred by us, but this will not always be possible.

Where our consent is required to anything set out in these terms and conditions, we may charge a reasonable fee for considering your request for consent, whether or not we give it.

If you do not pay an **expense**, we will debit the **expense** to the **account** and it will form part of the **mortgage debt**. Interest will be charged on it as described in condition 6.

Other taxes and costs may exist that are not imposed by us.

In Jersey only, you will be required to re-register a charge secured against the **property** before every tenth anniversary of the date of the original charge and we may impose expenses and costs in connection with this and will require you to seek legal advice (which will incur you in further expenses and costs). You will be obliged to pay these costs and expenses.

Tariff

We may recover some of our **expenses** by charging fees as set out in the **tariff**. You may obtain a free copy of the **tariff** from our **website** or at any time on request.

Where you have a choice as to whether you incur a fee (for example if it is a fee connected to an **application** for **additional borrowing** or for a new type of **mortgage**) and you make a new **application** and a new **offer** is issued for that, these fees can be changed for any reason.

Otherwise, we can reduce or abolish any other fee shown in the **tariff** at any time and we can increase or introduce any other fee for one or more of the following reasons:

- ♦ to reflect any changes or reasonably anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- ♦ to reflect changes which we may reasonably make in any activity we carry out or the services we provide or to provide new services; or
- ♦ to reflect the costs which we reasonably incur in providing relevant services and carrying out relevant activities,

and any such new or increased fee will be proportionate to the reason for its introduction or increase. Before we increase or introduce a fee in this way we will notify you.

11. The mortgage deed

You will sign a mortgage deed charging (providing security over) the property to us. This condition explains certain aspects of how our security works.

This condition 11 does not apply to you if you are a **borrower** who is not signing the **mortgage deed** as you will have no legal ownership in the **property** from **completion** except that you will also

continue to be liable for any shortfall in the **mortgage debt** (including interest) on any sale of the **property** as described in the section “**Shortfall on sale**” below.

The security created by the **mortgage deed** is the only security which is allowed to exist over the **property** without our written consent.

The **mortgage deed** is a continuing security for the **mortgage debt**. We do not have to discharge the **mortgage deed** until you have repaid the **mortgage debt**.

Where you sign the **mortgage deed**, you also charge to us:

- ◆ any rights you have under any agreement or guarantee relating to the **property**;
- ◆ any rights you have to claim damages in relation to the **property** (such as a claim arising from a misrepresentation about the value of the **property** or against someone who has damaged the **property**);
- ◆ any rights you have to shares in a management or residents’ company or similar association because of your interest in the **property**;
- ◆ all easements, servitudes and rights which benefit the **property**;
- ◆ any right you may have to compensation or insurance money which relate to the **property** (including, where the **property** is located in Northern Ireland, the right to any compensation you may receive under a **criminal damage claim**);
- ◆ any right you may have to extend the term of any lease of the **property** or to take a new lease or acquire the freehold or heritable or other interest in the **property**; and

- ◆ any leasehold or freehold or heritable interest in the **property** which you acquire after the date of the **mortgage deed**.

You will take any action which we reasonably request you to in respect of these rights. If we request, you will sign a document assigning any of these rights to us as security for the **mortgage debt**. This document will be prepared by us and may incorporate these conditions.

Shortfall on sale

If, on realisation of our security, the net proceeds are not enough to repay all of the **mortgage debt**, you must pay the shortfall to us immediately. Any shortfall will bear interest at the **interest rate** until the **mortgage debt** is paid in full. Interest will be charged at the **interest rate** after any court order requiring you to pay the whole or any part of any shortfall.

12. Insurance – more information

As the property is our security for the loan it must be insured. This condition sets out more information about our requirements in this respect.

This condition does not apply to you if you are a **borrower** who is not signing the **mortgage deed** as you will have no legal ownership in the **property** from **completion**.

As well as our requirements for insuring the **property** referred to in condition 4, you must ensure that cover is maintained throughout the **term** and that:

- ◆ the minimum amount of cover must be the reinstatement value of the **property**;

- ◆ you must provide us with reasonable details of the insurance and evidence satisfactory to us (acting reasonably) that it is in force whenever we reasonably ask you to;
- ◆ you must not do anything which could make it more difficult or expensive to keep the **property** insured;
- ◆ you must inform your insurer if you are letting the **property**.

You must tell us promptly of any damage that may give rise to a claim under the insurance and, where the **property** is located in Northern Ireland, under any **criminal damage claim**.

Insurance proceeds

You will hold any money you receive under the insurance (and, where the **property** is located in Northern Ireland, under any **criminal damage claim**) on trust for us and promptly pay it to us. We have full power to settle and adjust claims under the insurance with the insurer.

Any money payable under the insurance (and, where the **property** is located in Northern Ireland, under any **criminal damage claim**) will be used as you choose (subject to any requirements of the insurers) either:

- ◆ to make good the loss or damage in respect of which the money is payable; or
- ◆ to reduce or repay the **mortgage debt**.

Failure to maintain insurance

Where you fail to maintain or obtain insurance in accordance with this condition 12 we may obtain it and pay any premiums and other costs which, for the avoidance of doubt, will be **expenses** debited to the **account**.

If we try to insure the **property** in this way but cannot find an insurer who will insure it on acceptable terms, we may instead take out a policy to cover us against the risk of our suffering financial loss because the **property** is uninsured. The reasonable costs of this policy will, for the avoidance of doubt, be **expenses** debited to the **account**.

Criminal damage claims (Northern Ireland only)

If the **property** is located in Northern Ireland and you fail to conduct promptly any **criminal damage claim** which may be necessary or desirable in respect of the **property**, we may do so on your behalf.

Commission

We may keep any commission or other benefit which we receive if we arrange the insurance of the **property** and we are not under any duty to give you details of any such commission or benefit.

13. When the mortgage must be repaid and what we can do if it is not

(England and Wales and Northern Ireland only)

This condition sets out the circumstances when we can require you to repay the mortgage early and what we can do if you do not repay it when this happens.

We will have the power to sell the **property** given to us by Section 101 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 19 of the **1881 Act** and Section 4 of the **1911 Act**).

This power will be available to us from the date of the **mortgage deed** but we will only use it as set out in the rest of this condition.

Events on which the mortgage debt becomes payable

This section applies to you if you are the **borrower**.

If you are the **borrower** and any of the following happens and we demand repayment, you will repay the **mortgage debt** at once:

- ◆ you are more than one month late in payment of any money which is due under the **mortgage** and the total amount which is overdue is equal to two **monthly payments** or more;
- ◆ you fail to repay the **mortgage debt** at the end of the **term**;
- ◆ you breach any of your other significant responsibilities to us under the **mortgage**, and such breach is either incapable of remedy or, if capable of remedy, is not remedied within such reasonable period of our requiring it as we specify in writing;
- ◆ we become aware of any misrepresentation in or omission from any information supplied to us about you or the **property**, and that misrepresentation or omission has or would have had a material effect on our decision to make the **loan**;
- ◆ a bankruptcy order is made against any of you or any of you applies for an interim order or enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent happens in any other jurisdiction);
- ◆ a mortgagee or other person with an interest in the **property** starts proceedings for possession or to realise their interest or otherwise to enforce their interest;
- ◆ the **property** is sold, abandoned or compulsorily purchased;
- ◆ you die (if there is no surviving **borrower** left);
- ◆ the **mortgage deed** is not registered within the expiry of any priority period for registration or it is not registered as a first legal charge and you have failed to assist us to rectify the position;
- ◆ we can demand repayment of amounts secured under any other **security document**;
- ◆ where there is also an **indirect mortgage agreement** in place as security for the **mortgage debt**, any security we hold over the **property** under the **indirect mortgage agreement** is capable of being enforced under equivalent provisions to those which apply in this condition;
- ◆ any other event occurs which you have agreed in writing with us makes the security enforceable.

After demand

If any of these events occurs and we have demanded repayment of the **mortgage debt** and/or any arrears, we may do any of the following things:

- ◆ require you to leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent;
- ◆ sell, agree to sell, or grant an option over the **property** on any terms we reasonably decide, using the power of sale conferred by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) as varied by these conditions. The restrictions on the power of sale in Section 103 of the **LPA** (or, where the

property is located in Northern Ireland, by Section 20 of the **1881 Act**) and what has to happen before we can exercise this will not apply;

- ◆ appoint a receiver as described in condition 14;
- ◆ exercise all the other powers conferred on mortgagees by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) or by a receiver under these conditions;
- ◆ vary, end, renew or accept surrenders of leases or tenancies of the **property**:
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;
 - with any rights relating to other parts of the **property**;
 - containing any covenants on the part of us or anyone else; and
 - otherwise on terms which we, acting reasonably, think fit;
- ◆ make any arrangements or compromises about any lease of the **property**, any covenants, conditions or restrictions relating to the **property** or anything else;
- ◆ grant or agree to grant a lease or tenancy of the whole or any part of the **property** (and the restrictions on granting leases in Section 99 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 18 of the **1881 Act** and Section 3 of the **1911 Act**) will not apply to us);
- ◆ carry out repairs, improvements, alterations or additions to the **property**;
- ◆ apply for any planning and other consents;

- ◆ as your agent (and at your cost), remove, store, sell, rent or in any other way deal with any of your furniture or goods or those of any other person staying in the **property** after we have given written notice to you requiring them to be removed. We will not be responsible for any loss or damage caused by exercising this power unless we failed to take reasonable care in dealing with the furniture or goods. You will be entitled to the proceeds of sale of such goods or furniture (net of reasonable sale costs);
- ◆ (where the **property** has been let) notify the tenant of the existence and amount of any arrears of **monthly payments**.

Events on which we can enforce our security under an indirect mortgage agreement

This section applies to you if you are signing the **mortgage deed** under an **indirect mortgage agreement**.

Where you have an **indirect mortgage agreement** with us then, if any of the following occur, we can exercise the powers set out below in this section:

- ◆ we are entitled to demand repayment of the amounts referred to in part (2)(a) of the definition of the **mortgage debt** insofar as it applies to you (that is to say, the **borrower's** obligations to us under the **mortgage**) under the terms of the **mortgage**;
- ◆ you breach any of your other significant responsibilities to us under the **indirect mortgage agreement**, and such breach is either incapable of remedy or, if capable of remedy, is not remedied within such reasonable period of our requiring it as we specify in writing;

- ◆ we become aware of any misrepresentation in or omission from any information supplied to us about you or the **property**, and that misrepresentation or omission has or would have had a material effect on our decision to make the **loan** to the **borrower**;
- ◆ a bankruptcy order is made against any of you or any of you applies for an interim order or enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent happens in any other jurisdiction);
- ◆ a mortgagee or other person with an interest in the **property** starts proceedings for possession or to realise their interest or otherwise to enforce their interest;
- ◆ the **property** is sold, abandoned or compulsorily purchased;
- ◆ you die (if there is no surviving legal owner of the **property** left, not including your personal representatives);
- ◆ the **mortgage deed** is not registered within the expiry of any priority period for registration or it is not registered as a first legal charge and you have failed to assist us to rectify the position;
- ◆ any other event occurs which you have agreed in writing with us makes the security enforceable.
- ◆ sell, agree to sell, or grant an option over the **property** on any terms we reasonably decide, using the power of sale conferred by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) as varied by these conditions. The restrictions on the power of sale in Section 103 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 20 of the **1881 Act**) and what has to happen before we can exercise this will not apply;
- ◆ appoint a receiver as described in condition 14;
- ◆ exercise all the other powers conferred on mortgagees by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) or by a receiver under these conditions;
- ◆ vary, end, renew or accept surrenders of leases or tenancies of the **property**;
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;
 - with any rights relating to other parts of the **property**;
 - containing any covenants on the part of us or anyone else; and
 - otherwise on terms which we, acting reasonably, think fit;
- ◆ make any arrangements or compromises about any lease of the **property**, any covenants, conditions or restrictions relating to the **property** or anything else;
- ◆ grant or agree to grant a lease or tenancy of the whole or any part of the **property** (and the restrictions on granting leases in Section 99 of the **LPA** (or, where the **property** is located in Northern Ireland,

After demand

If any of these events occurs we may do any of the following things:

- ◆ require you to leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent;

by Section 18 of the **1881 Act** and Section 3 of the **1911 Act**) will not apply to us);

- ◆ carry out repairs, improvements, alterations or additions to the **property**;
- ◆ apply for any planning and other consents;
- ◆ as your agent (and at your cost), remove, store, sell, rent or in any other way deal with any of your furniture or goods or those of any other person staying in the **property** after we have given written notice to you requiring them to be removed. We will not be responsible for any loss or damage caused by exercising this power unless we failed to take reasonable care in dealing with the furniture or goods. You will be entitled to the proceeds of sale of such goods or furniture (net of reasonable sale costs);
- ◆ (where the **property** has been let) notify the tenant of the existence and amount of any arrears of **monthly payments**.

Purchasers

No purchaser who acquires an interest in the **property** is obliged to see whether we have complied with this condition 13.

Proceeds

Any money received by us in the exercise of our powers shall be (so far as the law allows) applied in the following order:

- ◆ firstly, in payment of the costs, charges and expenses relating to any receiver's appointment and the exercise of all or any of their powers;
- ◆ secondly, in payment to us of the **mortgage debt**; and

any balance after this shall be paid to the person entitled to it.

14. Receivers

(England and Wales and Northern Ireland only)

This condition sets out what happens if we appoint a receiver over the property and what any receiver can do.

This condition does not apply to you if you are a **borrower** who is not signing the **mortgage deed** as you will have no legal ownership in the **property** from **completion**.

As described in condition 13 we may appoint in writing one or more persons to be receivers of all or part of the **property** in certain circumstances. The restrictions contained in Section 109 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 24 of the **1881 Act**) will not apply to us. The receiver will be your agent. You alone will be liable for anything which the receiver does or fails to do and for their charges.

Where we appoint more than one receiver they may be given power to act either together or on their own.

We may agree the charges of any receiver and may remove the receiver and appoint replacements at any time.

A receiver will have and be entitled to exercise all powers given by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) to a receiver and all powers given to us by these conditions (including without limiting this, to enter and take possession of the **property**).

Proceeds

Any money received by the receiver in the exercise of their powers shall be (so far as the law allows) applied in the following order:

- ◆ firstly, in payment of the costs, charges and expenses relating to the receiver's appointment and the exercise of all or any of their powers;
- ◆ secondly, in payment to us of the **mortgage debt**; and
- ◆ any balance after this shall be paid to the person entitled to it.

15. Doing things on your behalf etc.

In this condition we explain the authority you give us to do certain things in your name and that you must sign other documents and do other things when we ask you to.

This condition does not apply to you if you are a **borrower** who is not signing the **mortgage deed** as you will have no legal ownership in the **property** from **completion**.

Doing things on your behalf

If you are obliged to do anything under these conditions but fail to do so we may do it on your behalf. We will try to give you a reasonable opportunity to put right your failure to comply before we exercise this right but are not obliged to do so where this is not reasonably practicable.

If we exercise our rights to do this, the reasonable cost of doing so will be an **expense** that is charged to the **account** as described in condition 10.

Power of attorney

For the purposes of securing our interest in the **property**, you appoint us, and (where applicable) any receiver appointed by us, to be your attorney by way of security to execute any document or do anything which you are required to do under these conditions. The attorney will be legally entitled to do these things on your behalf and the attorney's acts will bind you as though you had done them.

We will be entitled to delegate our power of attorney to third parties where this is reasonable in order to help the exercise of our powers.

We will not be liable for anything which is done under this power of attorney unless we have not used reasonable care in exercising the power.

You may not revoke this power of attorney until the **mortgage debt** has been fully repaid.

Other documents

You agree to sign any document and do anything else which we reasonably request you to do in order to:

- ◆ perfect or improve any security created or intended to be created for the repayment of the **mortgage debt**;
- ◆ help the exercise or the proposed exercise by us of any of our powers under the **mortgage** or, as applicable, the **indirect mortgage agreement**;
- ◆ at each ten year anniversary, re-register the charge on the **property** (Jersey only); and
- ◆ protect, manage or sell the **property** or any other security for the repayment of the **mortgage debt**.

16. Our other rights

In this condition we explain other rights we have under the mortgage.

Further valuations

In addition to any re-inspections required before the release of funds as set out in the **offer**, we may also obtain further **valuations** of the **property** from time to time during the **term** to ensure it remains an adequate security for the **mortgage debt**. Any such **valuations** will be at your cost but we will act reasonably in exercising our right to ensure the cost is reasonable. You will grant our valuer reasonable access to the **property** on reasonable notice in order to carry out such a **valuation** (which will be for our benefit only). We may choose to disclose any further **valuation** to you but we are not obliged to do so. If we do give you a copy of such a further **valuation**, please note that it will be subject to the same terms as applied to the original **valuation** referred to in condition 2.

Varying these conditions

As well as our rights to make changes to **monthly payments**, **payment dates**, how we calculate interest, the **interest rate**, our **tariff** and to our requirements as to letting of the **property** under **buy to let mortgages** as set out elsewhere in these conditions, we may also change these conditions if we reasonably believe the change is to your advantage or is needed for one or more of the following reasons:

- ♦ to respond to changes in the general law or decisions of the Financial Ombudsman Service;

- ♦ to meet our regulatory requirements;
- ♦ to reflect new industry guidance and codes of practice which raise standards of consumer protection.

Any change will be proportionate to the reason(s) for making it.

If the change is not to your disadvantage we can make it with effect from such date as we choose. We will tell you about it within 30 days of the change. If the change is to your disadvantage we will tell you about it at least 90 days before the change comes into effect.

Set-off and consolidation of accounts

If any of the events set out in the section headed “**Events on which the mortgage debt becomes payable**” in condition 13 has occurred, even if we have not demanded repayment of the **mortgage debt**, where a **borrower** has any account with us which is in credit, we can set-off or transfer any credit balance on any one or more of such accounts towards repayment of any of the **mortgage debt** which is due and payable.

We do not have to give notice before exercising any of these rights.

Our right to transfer the mortgage

We can make a **transfer** of all or any of our rights under the **mortgage** (and/or any **indirect mortgage agreement**) at any time.

If we make a **transfer** of all or any of our rights under the **mortgage** (and/or any **indirect mortgage agreement**), the **transferee** can exercise our rights and enforce your duties to the same extent as we could before the **transfer**. Any **transfer** will not reduce your guarantees or rights.

You have consented to **transfers** in these conditions (and, if you are the **borrower**, in any **application** and/or **offer** as well) and we can make a **transfer** of all or any of our rights without any further consent from you.

We may provide any actual or potential **transferee** (or their advisers) with any information about the **mortgage**, any **indirect mortgage agreement**, the **account**, you or the **property**.

Circumstances beyond our control

We will not be liable to you for any loss, damage or delay which you may suffer due to strikes, industrial action, failure of supplies or equipment or other causes beyond our reasonable control.

17. Communicating with each other

In this condition we explain how we will communicate with each other.

How we give you notice

If these terms and conditions require notice to be given to you by us, it will be given in one of the following ways:

- ♦ we may use any contact details you have given us, including your postal address, telephone number(s) (including your mobile telephone number) and email address to contact you for notices, service or operational reasons. These include telling you about changes to these terms and conditions or any **interest rate** and generally communicating with you about your **mortgage** or **indirect mortgage agreement**. We may include a message on your statement or, if you are registered for our Online Banking

Service, we may also contact you using our secure e-messaging service for these purposes;

- ♦ by post addressed to you at the **property** or such other correspondence address within the United Kingdom (or outside the United Kingdom and which we have agreed to use for correspondence) which you have notified to us; or
- ♦ by any other method which is available by law; and
- ♦ in the case of changes to the **Standard Variable Rate**, we may also give notice by setting out the new rate on our **website** as described in condition 7.

Any communication sent by post addressed to you at the **property** or such other correspondence address within the United Kingdom which you have notified to us will be deemed to have been received by you by the second day after it is posted even if it never arrives or is returned undelivered and notwithstanding the death of the addressee(s). Where we have agreed an address for correspondence outside the United Kingdom, any communication sent by post to that address will be deemed to have been received by you no later than the date the relevant postal service or supplier used confirms as its ordinary period for delivery even if it never arrives or is returned undelivered and notwithstanding the death of the addressee(s).

Any communication sent by email, mobile messaging or secure e-message will be deemed to have been received by you immediately upon transmission unless we receive a notice that it has not been delivered.

You must ensure that any contact details you have given us are accurate and that you let us know promptly of any changes. Remember communications may contain confidential information and that if anyone else has access to your email inbox or mobile telephone messages they may be able to read these. If you would prefer that we do not contact you for service or operational reasons by email, mobile message or secure e-message (via our Online Banking Service) please let us know. Whilst we will try to use your preferred channels wherever possible, you may continue to receive important service messages via these channels, for example when we need to contact you urgently.

If there is more than one of you, a notice addressed to just one of you will count as a notice to all of you, except where we have agreed addresses for correspondence with one or more of you, in which case we will send an additional notice to that address.

How you give us notice

Any communication from you to us must be in writing and delivered either personally or by post addressed to our address in the **offer** or to any other address we may from time to time notify to you for this purpose, and will not be effective unless we have actually received it.

18. General

This condition explains various other matters relating to the mortgage.

Statements

The following provisions dealing with statements only apply to you if you are the **borrower**.

We will send you a statement once a year free of charge. If you would like statements for different periods or more frequently please contact us (we may charge for these). You can also view transactions on the **account** online using our Online Banking Service if you are registered to use it. We recommend that you check your statements when you receive them. If anything on your statement appears to be wrong you should tell us as soon as possible so that we can investigate the matter and correct anything which requires it.

If there is more than one of you, we will send statements to each of you unless (1) you both live at the same address, in which case we will only send a single statement addressed to both of you, or (2) you ask us not to. There is no charge for sending statements to each of you although we may make a charge for duplicate statements.

Mistakes

If we make a mistake in calculating the amount payable by you or make any other mistake about the **mortgage** (or as applicable any **indirect mortgage**), this will not affect any of our rights, including our ability to claim the right amount from you (whether or not the **mortgage deed** has been released) together with interest at the **interest rate** until payment.

A letter from us or receipt of payment stating the **mortgage debt** has been repaid in full does not prevent you from being personally liable if we later find out that the amount of the **mortgage debt** was understated by mistake.

This condition does not affect any legal rights you may have as a result of the **mortgage debt** being understated.

The entire agreement

The **mortgage** (or if you are not the **borrower**, the **indirect mortgage agreement**) contains the entire terms agreed between you and us relating to the **loan** and/or the **mortgage debt**.

Separation of terms and forbearance

Each of the terms in these conditions (or any part of them) is separate from the others. If we cannot enforce any particular term (or any part of a term) this will not prevent us from enforcing other terms or the remaining parts of a term.

Any concession or waiver by us in exercising our rights under these conditions will only be binding on us to the extent specified in that concession or waiver. It will not prevent us from exercising any other rights or powers we have. If we do not take any action against you where you have failed to comply with any of the terms of the **mortgage** (or if you are not the **borrower**, the **indirect mortgage agreement**) that does not prevent us from taking action against you if you fail to comply with any term in the future.

Third parties

Nobody will have any rights in relation to the **mortgage** (or if you are not the **borrower**, the **indirect mortgage agreement**) under the Contracts (Rights of Third Parties) Act 1999.

Applicable law and language

If the **property** is located in England or Wales the **mortgage** (or if you are not the **borrower**, the **indirect mortgage**

agreement) is governed by English law, and the courts of England and Wales have jurisdiction over any claim or dispute arising from it.

If the **property** is located in Scotland the **mortgage** (or if you are not the **borrower**, the **indirect mortgage agreement**) is governed by Scottish law, and the courts of Scotland have jurisdiction over any claim or dispute arising from it.

If the **property** is located in Northern Ireland the **mortgage** (or if you are not the **borrower**, the **indirect mortgage agreement**) is governed by the laws of Northern Ireland, and the courts of Northern Ireland have jurisdiction over any claim or dispute arising from it.

If the **property** is located in the Channel Islands or the Isle of Man the **mortgage** (or if you are not the **borrower**, the **indirect mortgage agreement**) is governed by the local law of the island where the **property** is located and the courts of Jersey, the Bailiwick of Guernsey or the Isle of Man (or as the case may be) have jurisdiction over any claim or dispute arising from it.

We will only communicate with you in English.

19. Privacy

Your privacy is important to us. Our Privacy Notice explains how we collect, use, disclose, transfer and store your information and sets out our rights to your information. A copy of our Privacy Notice will be provided to you separately and we will inform you when we make any changes to it. You can also find a copy at www.hsbc.co.uk/privacy-notice, or if your property is located in the Channel

Islands or Isle of Man, at www.ciiom.hsbc.com/content/dam/hsbc/ciiom/docs/hsbc-privacy-notice-2018.pdf, or you can ask for a copy in branch or by telephone.

20. Your responsibilities

Information

If we make a reasonable request for information, you must give it to us as soon as possible. If you do not give it to us, or if we suspect fraudulent or criminal activity of any kind:

- ◆ you might not be able to carry on doing some or all of your banking with us anymore;
- ◆ we might try to get it from another source ourselves.

It is up to you to make sure the information you give us is accurate and up to date, and you must tell us if anything changes, within 30 days.

We will use your information as explained in our Privacy Notice. In addition, we will give it to others if we are compelled to do so by law, we have a public duty to disclose it, we need to disclose to protect our own interests (for example in any legal proceedings) or if we have your specific agreement. For example, if we believe you may have tax obligations in other countries, we may have to disclose information about you directly to HM Revenue & Customs (HMRC) or other local tax authorities.

Tax Compliance

It is up to you to meet your tax responsibilities in the UK and any other countries where these arise. These relate to the opening and use of accounts and services provided by members of the

HSBC Group. Some countries' tax laws may apply to you even if you do not live there or are not a citizen of that country.

Connected persons, who are people connected with you that are relevant to your relationship with us, are responsible for their own tax obligations. As you are responsible for your own tax obligations (and **connected persons**, for theirs), no **HSBC Group** member is responsible for this nor provides tax advice. It is your choice if you seek independent legal and tax advice.

21. Actions we may take in order to prevent Financial Crime

Members of the **HSBC Group** are required and may take any action to meet **compliance obligations** relating to or in connection with the detection, investigation and prevention of **financial crime** ("**financial crime risk management activity**"). Such action may include, but is not limited to:

- ◆ screening, intercepting and investigating any instruction or communication sent to or by you or a **connected person**, or on your or their behalf;
- ◆ investigating the source of or intended recipient of funds;
- ◆ combining **customer information** with other related information in the possession of any member of the **HSBC Group**; and/or
- ◆ making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming their identity and status.

Exceptionally, our **financial crime risk management activity** may lead to us:

- ◆ delaying or refusing to either process a payment or your instructions;

- ◆ being unable to provide all or part of the **services** to you and ending our entire relationship with you;
- ◆ taking necessary steps for any member of the **HSBC Group** to meet the **compliance obligations**; and/or
- ◆ blocking or closing your account(s) (although not any of your mortgage account(s)).

To the extent permissible by law, no member of the **HSBC Group** shall be liable to you or any third party in respect of any loss (however it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of **financial crime risk management activity**.

22. Buy to let mortgages – additional requirements

This condition sets out additional requirements if you have a buy to let mortgage.

This condition applies where you have a **buy to let mortgage**.

If you have a **buy to let mortgage**, the **property** must not be occupied by you, by any **borrower** who does not sign the **mortgage deed** or by any **related person** at any time during the **term**.

The **property** must only be let under:

- ◆ an Assured Shorthold Tenancy where the **property** is located in England;
- ◆ an Assured Shorthold Tenancy or a Standard Contract where the **property** is located in Wales;
- ◆ where the **property** is located in Scotland, either:
 - a Short Assured Tenancy; or

- following commencement of the **PHTSA**, a Private Residential Tenancy;
- ◆ a Non-Rent Controlled Tenancy in compliance with the provisions of the Private Tenancies Act (Northern Ireland) 2006, where the **property** is located in Northern Ireland; or
- ◆ in accordance with the Residential Tenancy (Jersey) Law 2011 (and all related and subsidiary legislation, rules and regulations) where the **property** is located in Jersey; or
- ◆ a letting to a limited company incorporated in England and Wales, Scotland or Northern Ireland for occupation by an employee of that company and for a term which does not exceed 12 months where the **property** is located in England or Wales,

in a form approved by us (acting reasonably) or on our behalf and which includes a clause that the tenant is not allowed to sub-let or part with possession of the **property** or any part of it or on such other basis as we agree in writing at our discretion.

You will not have to obtain a document of a type referred to in the “**Other occupiers**” section of condition 4 for any person who is occupying the **property** under a tenancy of a type referred to above. In no circumstances must the **property** become a House in Multiple Occupation (HMO) within the meaning of the Housing Act 2004 (where the **property** is located in England or Wales) or the Houses in Multiple Occupation Act (Northern Ireland) 2016 (where the **property** is located in Northern Ireland) (or fall to be treated as such under any other applicable legislation or legal requirements).

We may at any time vary our requirements as to letting of the **property** or introduce additional requirements (for example, as to the terms of tenancies or acceptable tenant types) to reflect changes in the law or regulation, in letting market practice or in the practice of lenders of mortgages on buy to let/investment properties. Where any change is to your disadvantage, we will give you at least 14 days' notice and it will not affect any tenancy currently in place (and which satisfied our existing requirements) for the remaining term of that tenancy.

You must act as a reasonably prudent landlord in enforcing your rights under any tenancy and in not waiving, releasing or varying the same.

Buy to let mortgages – additional reporting

If you have a **buy to let mortgage** then as well as our ability to obtain additional **valuations** under condition 16 we may also appoint (at your expense) a firm of valuers to prepare further **valuations** including reports giving such information as we reasonably require on the rental income relating to it. You will co-operate reasonably in the preparation of these including by supplying the valuers with such access to the **property** and information as they may reasonably require.

23. Indirect mortgages

This condition applies where you are not the borrower but are signing the mortgage deed giving us security for the money we lend the borrower.

This condition 23 only applies if you have an **indirect mortgage**.

Further conditions that apply to an indirect mortgage

As well as anything that applies to you in the rest of these conditions the following also apply to your **indirect mortgage**.

If you have an **indirect mortgage** and you withdraw before **completion**, you will not have to pay any charges.

You can redeem the **indirect mortgage** by paying us the **mortgage debt** (subject to any early repayment charges which may arise) at any time. **Indirect mortgages** are not capable of transfer to another property.

Conditions 3 and 5-8 all apply to how we work out **monthly payments** and also the interest on the **mortgage debt**. This will affect how the **mortgage debt** which is secured on the **property** is calculated. Where we have to give notice to the **borrower** under these conditions, we do not have to give it to you as well. This means you will not necessarily receive notice of changes in the **monthly payment** or **interest rate** even though such changes will affect the **mortgage debt** secured under the **mortgage deed** you sign over the **property**. Where you have **expenses** under the **indirect mortgage agreement** which relate solely to you or the **property** and which are not within the obligations of the **borrower**, interest will be charged on them in the same manner as interest is charged on the rest of the **mortgage debt**.

For the avoidance of doubt, the obligation under condition 6 to pay interest at the **interest rate** after as well as before any court order applies to you as well as the **borrower**.

Additional borrowing

Where any **additional borrowing** is taken out by the **borrower**, the **mortgage deed** will secure this over the **property** even if we have not told you about the **additional borrowing**.

Dealings with the borrower

As well as the other provisions of the **indirect mortgage agreement**, you agree that we may also do any of the following without releasing or otherwise adversely affecting your obligations or our security under the **indirect mortgage agreement**:

- ◆ give any loan, credit or other financial accommodation to the **borrower**;
- ◆ vary, waive or release any term of the **mortgage**;
- ◆ take or release any other security for the **mortgage debt**;
- ◆ make any arrangement or composition for the **mortgage debt** except where we agree with you in writing that this will release or affect your obligations or our security under the **indirect mortgage agreement**;
- ◆ do or not do anything which but for this provision might otherwise release or adversely affect your obligations or our security under the **indirect mortgage agreement**.

24. Existing mortgages and loans

This condition only applies where you have an existing mortgage deed incorporating a different set of mortgage deed terms and conditions and this is remaining in place, or if you are signing a mortgage deed but have an existing mortgage loan which remains in place under existing terms and conditions. It explains what parts of these conditions do not apply and how the existing terms and conditions continue.

Existing mortgage deeds

Where there is an **existing mortgage deed** these conditions will apply to any **loan** made under an **offer** that refers to these conditions except:

- ◆ conditions 4, 11-16, 23 and 25 do not apply; and
- ◆ the **deed conditions** continue to apply as to our security over the **property** both to the **loan** and to any other mortgage loans made which are secured by the **existing mortgage deed** and which do not incorporate these conditions (and any other terms and conditions of such other loans will continue to apply to these other loans);
- ◆ notwithstanding the above the **mortgage debt** insofar as it relates to a **loan** which refers to these conditions will however (in addition to any rights under the **deed conditions**) also become repayable in the same circumstances as if the relevant part of condition 13 (or condition 25 if the **property** is in Scotland, the Channel Islands or Isle of Man) “**Events on which the mortgage debt becomes payable**” applied.

Existing loans

Where there is an **existing loan** and you sign a **mortgage deed** incorporating these conditions, these conditions will apply to the **existing loan** (the agreement for which will for the avoidance of doubt be an **offer** and the obligations in respect of it form part of the **mortgage debt** and the **mortgage**) except that:

- ◆ conditions 2, 3, 5-10, 17, 18 and 22 do not apply; and
- ◆ the **existing loan conditions** continue to apply to the **loan**.

25. Scotland, the Channel Islands and the Isle of Man

This condition sets out some matters which only apply if your property is located in Scotland, the Channel Islands or the Isle of Man and which arise as a result of differences in law in those jurisdictions.

This condition 25 applies only if the property is in Scotland, the Channel Islands or the Isle of Man.

Standard Conditions

These terms and conditions incorporate the **standard conditions** (except in relation to property located in the Channel Islands or the Isle of Man). In the event of any conflict between the terms of the **standard conditions** and these terms and conditions, these terms and conditions shall apply.

When the mortgage must be repaid and what we can do if it is not

This condition sets out the circumstances when we can require you to repay the mortgage early and what we can do if you do not repay it when this happens.

Events on which the mortgage debt becomes payable

This section applies to you if you are the **borrower**.

If you are the **borrower** and any of the following happens (which are in addition to any circumstances set out in **standard condition 9**) and we demand repayment, the **mortgage** (standard security if the property is located in Scotland) will become enforceable and you will repay the **mortgage debt** at once:

- ◆ you are more than one month late in payment of any money which is due and the total amount which is overdue is equal to two **monthly payments** or more;
- ◆ you fail to repay the **mortgage debt** at the end of the **term**;
- ◆ you breach any of your other significant responsibilities to us under the **mortgage**, and such breach is either incapable of remedy or, if capable of remedy, is not remedied within such reasonable period of our requiring it as we specify in writing;
- ◆ we become aware of any misrepresentation in or omission from any information supplied to us about you or the **property**, and that misrepresentation or omission has or would have had a material effect on our decision to make the **loan**;
- ◆ a bankruptcy or sequestration order is made against any of you or any of you enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent happens in any other jurisdiction);
- ◆ if (where the **property** is located in the Isle of Man) any step is taken for the administration, receivership, winding up of you or any of you or any of your assets (except with our written consent for the purpose of reconstruction or amalgamation only) or dissolution or similar proceedings are taken against you or any of you;

- ◆ if (where the **property** is located in the Isle of Man) anyone seeks to, or takes possession of, or seeks to enforce, or enforces, any security affecting the **property** or if anything else happens which might adversely affect the security given by the **mortgage deed**;
- ◆ if (in the Bailiwick of Guernsey) you become insolvent, a Commissioner is appointed for the purpose of you being declared 'en désastre' or a Preliminary Vesting Order is made against your **property**;
- ◆ if (in Jersey) you become bankrupt within the meaning of the Interpretation (Jersey) Law 1954;
- ◆ a heritable creditor or other person with an interest in the **property** starts proceedings for possession or to realise their interest or otherwise to enforce their interest;
- ◆ the **property** is sold, abandoned or compulsorily purchased;
- ◆ you die (if there is no surviving borrower) left;
- ◆ the **mortgage deed** is not registered within the expiry of any advance notice period for registration or it is not registered as a first ranking standard security and you have failed to assist us to rectify the position;
- ◆ we can demand repayment of amounts secured under any other security document;
- ◆ where there is also an **indirect mortgage agreement** in place as security for the **mortgage debt**, any security we hold over the **property** under the **indirect mortgage agreement** is capable of being enforced under equivalent provisions to those which apply in this condition;

- ◆ any other event occurs which you have agreed in writing with us makes the security enforceable.

After demand

If any of these events occurs and we have demanded repayment of the **mortgage debt** and/or any arrears, we may do any of the following things (in addition to the rights set out in **standard condition 10**):

- ◆ require you to leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent;
- ◆ (where the **property** is located in the Isle of Man) exercise any other rights we have under the mortgage deed;
- ◆ in Jersey we may commence 'dégrèvement' or 'désastre' proceedings against you; there are different procedures relating to each of these forms of insolvency proceedings but either may result in a third party taking ownership (and occupation) of the **property**;
- ◆ in the Bailiwick of Guernsey we may take 'saisie' proceedings against you; there are different stages to 'saisie' proceedings, but their outcome is that at certain stages we may do any of the other things set out below;
- ◆ sell, agree to sell, or grant an option over the **property** on any terms we reasonably decide;
- ◆ vary, end, renew or accept renunciation of leases or tenancies of the **property**:
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a renunciation;

- with any rights relating to other parts of the **property**;
- containing any covenants on the part of us or anyone else; and
- otherwise on terms which we, acting reasonably, think fit;
- ◆ make any arrangements or compromises about any lease of the **property**, any burdens, obligations, conditions or restrictions relating to the **property** or anything else;
- ◆ grant or agree to grant a lease or tenancy of the whole or any part of the **property**;
- ◆ carry out repairs, improvements, alterations or additions to the **property**;
- ◆ apply for any planning and other consents;
- ◆ as your agent (and at your cost), remove, store, sell, rent or in any other way deal with any of your furniture or goods or those of any other person staying in the **property** after we have given written notice to you requiring them to be removed. We will not be responsible for any loss or damage caused by exercising this power unless we failed to take reasonable care in dealing with the furniture or goods. You will be entitled to the proceeds of sale of such goods or furniture (net of reasonable sale costs);
- ◆ (where the **property** has been let) notify the tenant of the existence and amount of any arrears of **monthly payments**.

Events on which we can enforce our security under an indirect mortgage agreement

This section applies to you if you are signing the **mortgage deed** under an **indirect mortgage agreement**.

Where you have an **indirect mortgage agreement** with us then, if any of the following occur, we can exercise the powers set out below in this section:

- ◆ we are entitled to demand repayment of the amounts referred to in part (2)(a) of the definition of the **mortgage debt** insofar as it applies to you (that is to say, the **borrower's** obligations to us under the **mortgage**) under the terms of the **mortgage**;
- ◆ you breach any of your other significant responsibilities to us under the **indirect mortgage agreement**, and such breach is either incapable of remedy or, if capable of remedy, is not remedied within such reasonable period of our requiring it as we specify in writing;
- ◆ we become aware of any misrepresentation in or omission from any information supplied to us about you or the **property**, and that misrepresentation or omission has or would have had a material effect on our decision to make the **loan** to the **borrower**;
- ◆ a bankruptcy or sequestration order is made against any of you or any of you enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent happens in any other jurisdiction);
- ◆ if (where the **property** is located in the Isle of Man) any step is taken for the administration, receivership, winding up of you or any of you or any of your assets (except with our written consent for the purpose of reconstruction or amalgamation only) or dissolution or similar proceedings are taken against you or any of you;

- ◆ if (where the **property** is located in the Isle of Man) anyone seeks to, or takes possession of, or seeks to enforce, or enforces, any security affecting the **property** or if anything else happens which might adversely affect the security given by the **mortgage deed**;
- ◆ in Jersey we may commence 'dégrèvement' or 'désastre' proceedings against you; there are different procedures relating to each of these forms of insolvency proceedings but either may result in a third party taking ownership (and occupation) of the **property**;
- ◆ a heritable creditor or other person with an interest in the **property** starts proceedings for possession or to realise their interest or otherwise to enforce their interest;
- ◆ the **property** is sold, abandoned or compulsorily purchased;
- ◆ you die (if there is no surviving **borrower**) left;
- ◆ the **mortgage deed** is not registered within the expiry of any advance notice period for registration or it is not registered as a first ranking standard security and you have failed to assist us to rectify the position;
- ◆ any other event occurs which you have agreed in writing with us makes the security enforceable.
- ◆ (where the **property** is located in the Isle of Man) exercise any other rights we have under the **mortgage deed**;
- ◆ sell, agree to sell, or grant an option over the **property** on any terms we reasonably decide;
- ◆ vary, end, renew or accept renunciation of leases or tenancies of the **property**:
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a renunciation;
 - with any rights relating to other parts of the **property**;
 - containing any covenants on the part of us or anyone else; and
 - otherwise on terms which we, acting reasonably, think fit;
- ◆ make any arrangements or compromises about any lease of the **property**, any burdens, obligations, conditions or restrictions relating to the **property** or anything else;
- ◆ grant or agree to grant a lease or tenancy of the whole or any part of the **property**;
- ◆ carry out repairs, improvements, alterations or additions to the **property**;
- ◆ apply for any planning and other consents;
- ◆ as your agent (and at your cost), remove, store, sell, rent or in any other way deal with any of your furniture or goods or those of any other person staying in the **property** after we have given written notice to you requiring them to be removed. We will not be responsible for any loss or damage caused by exercising this power unless we failed to take reasonable care in dealing with the furniture or goods. You will be entitled to the proceeds of sale of such goods or furniture (net of reasonable sale costs);

After demand

If any of these events occurs we may do any of the following things:

- ◆ require you to leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent;

- ◆ (where the **property** has been let) notify the tenant of the existence and amount of any arrears of **monthly payments**.

Purchasers

No purchaser who acquires an interest in the **property** is obliged to see whether we have complied with this condition 25.

Proceeds

Any money received by us in the exercise of our powers shall be (so far as the law allows) applied in the following order:

- ◆ firstly, in payment of the costs, charges and expenses relating to any receiver's appointment and the exercise of all or any of their powers and any **expenses** incurred in any enforcement proceedings or in anticipation of any enforcement proceedings;
- ◆ secondly, in payment to us of the **mortgage debt**; and
- ◆ any balance after this shall be paid to the person entitled to it (under the laws of the Bailiwick of Guernsey there is no requirement for us to pay the balance to you or any other person).

Glossary of terms and expressions

"1881 Act" The Conveyancing and Law of Property Act 1881.

"1911 Act" The Conveyancing Act 1911.

"account" An account that we open in our records in respect of each **loan** (or where there is more than one part to a **loan**, each part) and which will record the balance of the **mortgage debt** relating to that **loan** (or part).

"additional borrowing" Any money we agree to lend to the **borrower** on the security of the **property** (as identified in the relevant **offer**) after **completion** of the first **loan** we made and which was not a retention from that **loan**.

"application" The application information relating to the **mortgage** which was supplied by the **borrower** or on the **borrower's** behalf.

"authorities" includes any judicial, administrative, public or regulatory body, any government, any **tax authority**, court, central bank or law enforcement body, or any of their agents with jurisdiction over any part of the **HSBC Group**.

"Bank of England base rate" The rate decided by the appropriate committee of the Bank of England (or any successor authority) from time to time as being the Bank of England base rate.

"borrower" The person(s) to whom we make the **loan** and named in the **offer**.

“business day” Any day other than Saturday, Sunday, or a day which is a public holiday or bank holiday in England and Wales.

“buy to let mortgage” A mortgage where the **property** is to be let. The **application** will identify where you are applying for this type of **mortgage** and if so the **offer** will refer to our buy to let interest rate types.

“capital repayment basis” Where the **monthly payments** for all or a part of the **loan** include both an amount towards the capital and an amount towards the interest. The **offer** will confirm if the **loan** or a part is on a **capital repayment basis**.

“completion” The date on which a **loan** is first released to the **borrower** or their legal adviser (which may be referred to as ‘Drawdown’ in the **offer**).

“compliance obligations” means obligations of the **HSBC Group** to comply with:

- ◆ **laws** or international guidance and internal policies or procedures,
- ◆ any demand from **authorities** or reporting, disclosure or other obligations under **laws**, and
- ◆ **laws** requiring us to verify the identity of our customers.

“connected person” means any natural person or legal entity (other than you) whose information (including **personal data** or **tax information**) you provide, or which is provided on your behalf, to any member of the **HSBC Group** or which is otherwise received by any member of the **HSBC Group** in connection with the

provision of the **services**. A **connected person** may include any guarantor or any other persons or entities with whom you have a relationship that is relevant to your relationship with the **HSBC Group**. A **connected person** may include any guarantor or owner of a legal estate in land over which we are to take security, provider or recipient of a payment or any other persons or entities with whom you have a relationship that is relevant to your relationship with the **HSBC Group**.

“criminal damage claim” Any claim made by you or in your name under the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in relation to the **property**.

“customer information” means your **personal data**, confidential information, and/or **tax information** or that of a **connected person**.

“deed conditions” Where condition 24 applies, any terms and conditions incorporated into the **existing mortgage deed** as described in that condition.

“existing loan” A mortgage loan which we have made and which is subject to **existing loan conditions** but which is now to be secured by a **mortgage deed** which incorporates these conditions.

“existing loan conditions” A different (from these) set of our terms and conditions which were applied to a mortgage loan when we entered into it. These may have been called our “Mortgage Loan Terms and Conditions” and then given a particular year reference depending on when made. These are relevant in the case of an **existing loan** as set out in condition 24.

“existing mortgage deed” A **mortgage deed** which has already been signed and which incorporates **deed conditions** but which are not these conditions.

“expense”, “expenses” The reasonable costs and expenses we incur in:

- ◆ providing a service in connection with the **mortgage** or **indirect mortgage agreement** or the **property**;
- ◆ collecting or recovering all or any of the **mortgage debt**;
- ◆ bringing or defending any legal proceedings relating to the **mortgage** or **indirect mortgage agreement** as applicable, the **mortgage debt** or the **property**;
- ◆ protecting, or enforcing any security for the **mortgage debt**;
- ◆ considering any request for consent or approval as required under the **mortgage** or **indirect mortgage agreement** as applicable;
- ◆ insuring the **property** in accordance with the **mortgage** or **indirect mortgage agreement** as applicable;
- ◆ remedying any breach of the **mortgage** or **indirect mortgage agreement** as applicable by you;
- ◆ exercising any of our rights or powers under the **mortgage** or **indirect mortgage agreement** or under law;
- ◆ releasing the **property** or any other security we hold for the **mortgage debt**.

Our **expenses** will include fees, costs, charges, and **expenses** which we have to pay to third parties. We may charge some or all of our expenses by way of those fees set out in the **tariff** but we are not obliged

to do so and may instead choose to charge the direct costs paid.

“financial crime” means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or break any laws relating to these matters.

“financial crime risk management activity” means any action to meet **compliance obligations** relating to the detection, investigation and prevention of **financial crime**. This may include:

- ◆ screening, intercepting and investigating any communication, application for **services** or any payment, whether sent to or by you or on your behalf,
- ◆ investigating the source of or intended recipient of money,
- ◆ combining **customer information** with other related information in the possession of the **HSBC Group**; and/or
- ◆ making further enquiries as to the status of a relevant person or entity (whether they are subject to a sanctions regime or confirming their identity or status).

“HSBC Group” and **“any member of the HSBC Group”** means HSBC Holdings plc, and/or any of its affiliates, subsidiaries, associated entities, and any of their branches or offices, and includes HSBC Bank plc and HSBC UK Bank plc.

“indirect mortgage” Where you are not the **borrower** but you sign the **mortgage deed** as security for money that is owed by the **borrower**.

“indirect mortgage agreement” The legal agreement between you (where you are not the **borrower**) and us for your **indirect mortgage** which is set out in:

- ◆ these conditions;
- ◆ the **mortgage deed**;
- ◆ the **deed conditions** (if condition 24 provides that they apply);
- ◆ the **standard conditions** (if condition 25 provides that they apply);
- ◆ any other **security documents** to which you are a party; and
- ◆ the **tariff**.

In each case this includes any changes you and we agree, or which we are entitled to make.

“interest only basis” Where the **monthly payments** for all or a part of the **loan** do not include an amount towards the capital but only an amount towards the interest. The **offer** will confirm if the **loan** or a part is on an **interest only basis**.

“interest rate” The rate or rates of **interest** which we charge on the **mortgage debt** as set out in the **offer**. These may change under these conditions and as set out in the **offer**.

“laws” Any local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the **HSBC Group** and an **authority**, or agreement or treaty between **authorities** and applicable to us or any other member of the **HSBC Group**.

“loan” The first loan we make to the **borrower** which is expressed in the relevant offer to be secured on the **property** and is outstanding at any given time, and any **additional borrowing**.

“LPA” The Law of Property Act 1925 (England and Wales only).

“monthly payment” The amount which the **borrower** must pay us each month, the initial amount of which is set out in the **offer**. We may change the **monthly payment** under condition 5.

“mortgage debt”

(1) Where you are the **borrower** this means all of the money which you owe us under the **mortgage** at any time. This will include:

- (a) the amount outstanding of each **loan**; and
- (b) any unpaid **interest**, fees, **expenses** and any early repayment or other charge.

(2) Where you are giving an **indirect mortgage**, this means all of the money which:

- (a) the **borrower** owes us under the **mortgage** at any time. This includes:
 - the amount outstanding of each **loan**; and
 - any unpaid **interest**, fees, **expenses** and any early repayment or other charge; and
- (b) any additional amount you owe us under the **indirect mortgage agreement**.

“mortgage deed” The document to be signed or which has already been signed by you to give us security over the **property**, and which incorporates these conditions (unless condition 24 provides that it is an **existing mortgage deed** and will incorporate the **deed conditions**) and where the **property** is located in Scotland it also incorporates the **standard conditions** (unless (1) condition 24 provides that it is an **existing mortgage deed** and will incorporate the **deed conditions** or (2) condition 25 provides otherwise when the **property** is located in the Channel Islands or the Isle of Man), and where the **property** is located in Scotland, incorporating the **standard conditions**.

If the **property** is located in the Channel Islands or the Isle of Man, (1) this expression will include references to any loan or legal documentation securing the loan against the **property** including any charge or judicial hypothec (2) signing any document will include references to giving consent to such document and (3) the expression **mortgage** will include a reference to any loan subject to its conditions, by whatever name known.

“mortgage” The legal agreement between the **borrower** and us and which is set out in:

- ◆ the declarations provided by the **borrower** or on the **borrower’s** behalf in the **application**;
- ◆ these conditions;
- ◆ the **offer**;
- ◆ the **mortgage deed**;
- ◆ the **deed conditions** or the **existing loan conditions** (if condition 24 provides that they apply);

- ◆ the **standard conditions** (referred to in condition 25 if they apply);
- ◆ any other **security documents**; and
- ◆ the **tariff**.

In each case this includes any changes the **borrower** and we agree, or which we are entitled to make.

If the **offer** conflicts with these conditions or any other document set out above, the **offer** will take priority.

“offer” Either:

- ◆ the written offer by us to make any **loan** to the **borrower**; or
- ◆ when we replace or vary a **loan**, any relevant written offer by us,

in each case including any changes to the **offer** or any replacement **offer** we make in writing and which we notify to you the **borrower**. The **offer** incorporates these conditions unless condition 24 provides otherwise.

“payment day” The day in each month on which the **borrower** must make the **monthly payment**. We will tell the **borrower** what that day is in the letter we send after **completion**. Each **payment day** will occur on the same date of each month but (1) where this date does not fall on a **business day**, the **payment day** will be the next **business day** after it and (2) if there is no remaining **business day** in a month, the **payment day** will be the first **business day** of the following month. The **payment day** may be changed under condition 5.

"personal data" Any information relating to an individual from which they can be identified.

"PHTSA" Private Housing (Tenancies) (Scotland) Act 2016.

"product period" The period during which any fixed, discounted or **Bank of England base rate** tracking **interest rate** applies as described in the **offer**.

"property" The property (including each and every part of it) described in the **mortgage deed** over which we hold or will take a legal charge (or, where the **property** is in Scotland, a standard security or where the **property** is located in the Channel Islands or Isle of Man, the equivalent security document) as security.

"related person" In relation to a **buy to let mortgage**, the spouse, civil partner, parent, grandparent, brother, sister, child, grandchild of any **borrower** or any person (whether or not of the opposite sex) whose relationship to any **borrower** has the characteristic of husband and wife.

"security document" The **mortgage deed** and any other document creating a security interest, encumbrance or charge which we hold at any time which secures the **mortgage debt**.

"services":

- ◆ the opening, maintaining and closing of your accounts with us, including your mortgage account,
- ◆ providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment; and

- ◆ maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes.

"standard conditions" The standard conditions contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 as amended.

"Standard Variable Rate", "SVR"

The applicable Standard Variable Rate (or any equivalent replacement to this we introduce) as identified in the **offer** and varied from time to time in accordance with condition 7 (or the equivalent rate of any **transferee** if any **transferee** has such a rate and uses it following notification under condition 7). Please note that the HSBC Standard Variable Rate and the HSBC Variable Rate are one and the same and that the HSBC Standard Variable Buy to Let Rate and the HSBC Buy to Let Variable Rate are also one and the same and that references in documents you receive may use either term.

"tariff" Our tariff of fees and charges as in place from time to time.

"tax authorities" UK or foreign tax, revenue or monetary authorities (for example, HMRC).

"tax information" Documentation or information about a person's tax status, including yours.

"term" The period in which the **mortgage debt** must be repaid by the **borrower** set out in the **offer** (and which may be changed by mutual agreement).

“transfer” A transfer, assignment, assignation, mortgage, sale or other disposition of rights (and including without limit where this is done by way of a securitisation or any other method of transfer. Please see the **offer** for more details.)

“transferee” Any successor, assignee or transferee of us or of any other transferee, who is entitled to exercise all or any of our rights under or in respect of the **mortgage** (and/or any **indirect mortgage agreement** as applicable).

“valuation” A valuation obtained by us which we will use to assess the value of the **property** and the suitability of the **property** to act as security for the **mortgage debt**.

“website” **hsbc.co.uk** or any other website we tell you about.

Other points to note in reading these terms and conditions

Where these terms and conditions refer to:

- ◆ something or someone in the singular this will include the plural, and the other way around;
- ◆ the masculine, this will include the feminine, and the other way around;
- ◆ any law, it applies to all amendments and replacements of that law in force from time to time.

Note about existing mortgages and loans

- ◆ If you have already signed a **mortgage deed** over the **property** which incorporates an earlier version of our mortgage deed terms and conditions and which will remain in place as security for the **mortgage**, for example if you are taking additional borrowing or changing an existing mortgage, then these conditions apply in a different way. In this case, the mortgage deed terms and conditions incorporated in the existing **mortgage deed** will continue to apply to the **property** and only the terms and conditions in this document dealing with the **loan** itself will come into effect. We explain this further in condition 24.
- ◆ If you already have a **loan** with us and we have advised you that you need to give us a new **mortgage deed** over the property, then these conditions will also apply in a different way. In this case, the existing terms and conditions relating to the **loan** itself will continue to apply and only the terms and conditions dealing with the security and the **property** will come into effect when you sign the new **mortgage deed** unless you are also obtaining **additional borrowing** in which case these conditions apply in their entirety to the **loan** for this. We explain this further in condition 24.

Privacy Notice Overview

How we collect and use your information

This is an overview of:

- ◆ the types of information we collect about you
- ◆ how we collect and use it
- ◆ who we might share it with
- ◆ the steps we'll take to make sure it stays private and secure
- ◆ your rights to your information.

More information

For more details about anything covered in this overview, please see our full Privacy Notice. You can view or download a copy by visiting **hsbc.co.uk** or if your property is located in the Channel Islands or Isle of Man at **www.ciiom.hsbc.com/content/dam/hsbc/ciiom/docs/hsbc-privacy-notice-2018.pdf**. If you prefer paper and you're a Personal Banking or Advance customer, give us a call on **03457 404 404**, or **03457 61 61 61** if your property is located in the Channel Islands or Isle of Man or if you're a Premier or Jade customer call us on **03457 70 70 70** and we'll send you one in the post.

Who we are

Unless otherwise stated below, the data controller for the purposes of this notice will be HSBC Bank plc or HSBC UK Bank plc, whichever is named in your mortgage offer.

The following HSBC Group companies will act as a data controller where you hold a product or service with them: HSBC Life (UK) Limited, HSBC Trust Company

(UK) Limited; HSBC Executor and Trustee Company (UK) Limited; Trustees of the HSBC Self-Invested Personal Pension; and HSBC Finance Limited.

The information we collect

We collect information about you from different places including:

- ◆ directly from you
- ◆ from a third party acting on your behalf e.g. an intermediary or broker
- ◆ from other HSBC companies
- ◆ from publicly available sources
- ◆ when we generate it ourselves
- ◆ from other organisations.

We'll only collect your information in line with relevant regulations and law and this may relate to any of our products or services you apply for, currently hold or have held in the past.

You're responsible for making sure you give us accurate and up to date information. If you provide information for another person on your account, you'll need to tell them how to find the Privacy Notice and make sure they agree to us using their information for the purposes set out in it.

How we'll use your information

We'll use it to provide any products and services you've requested and other purposes e.g.:

- ◆ to confirm your identity and address
- ◆ to understand how you use your accounts
- ◆ to carry out your instructions
- ◆ to improve our products and services
- ◆ to offer you other services we believe may benefit you unless you ask us not to.

We'll only use your information where we're allowed to by law e.g. carrying out an agreement we have with you, fulfilling a legal obligation, because we have a legitimate business interest or where you agree to it.

We may use automated systems to help us make credit decisions as well as carrying out fraud and money laundering checks.

Who we can share your information with

We may share your information with other companies we work in partnership with and other HSBC Group members. We may also share your information with others outside of the HSBC Group e.g. regulators, insurers, other banks, brokers, agents as well as credit reference and fraud prevention agencies.

How long we'll keep your information

We'll keep your information for as long as you have a relationship with us. After it ends we'll keep it where we may need it for our legitimate purposes e.g. to help us respond to queries or complaints, or for other reasons e.g. fighting fraud and financial crime, and responding to requests from regulators.

Transferring your information overseas

Your information may be transferred and stored in countries outside the European Economic Area, including some that may not have laws that provide the same level of protection for personal information.

When we do this, we'll ensure it has an appropriate level of protection.

Your rights

You have a number of rights relating to your information e.g. to see what we hold, to ask us to share it with another party, ask us to update incorrect or incomplete details, to object to or restrict processing of it, to make a complaint etc.

Accessibility

To find out more about our accessible services please visit www.hsbc.co.uk/accessibility or ask at any of our branches.

If you'd like this in another format such as large print, Braille or audio, please contact us. A textphone service is also available for customers with hearing and/or speech impairments.

If you use your own textphone you can call us on **03457 125 563** (**+44 207 088 2077** from overseas).

hsbc.co.uk

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