

OakNorth Residential Mortgage Terms and Conditions (2019 Edition)

The capitalised terms used herein shall have the meaning ascribed to them in Annex I.

1. The Mortgage Deed

The Mortgage Deed which you have executed creates a charge by way of first legal mortgage over the Property which will form security for the Outstanding Balance in our favour.

2. Valuations and retentions

2.1 In connection with the Loan, OakNorth may obtain a Valuation of the Property at any time and any such Valuation obtained by OakNorth shall be for its own benefit only and may not be relied upon by you even if disclosed to you. The Valuation does not constitute a representation or guarantee by OakNorth or anyone on its behalf that the Property is worth the value set out in the Valuation.

2.2 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.

2.3 If stated in the Offer, we will hold back some of the Advance (or the Additional Borrowing as the case may be) on Completion by way of retention until the works specified are carried out, or some other specified condition(s) are satisfied (the "**Retention**"). The Retention will not be released until the works have been carried out to our satisfaction, or the condition(s) otherwise satisfied. We will send the Retention directly to you once we are satisfied that the works have been carried out or, as the case may be, the other condition(s) have been satisfied.

3. Repayment

3.1 If your Offer is a Capital-Repayment Mortgage, you are required to repay the Capital with interest at the Interest Rate over the Term by making the Monthly Payments. The Outstanding Balance (if any) must be paid to us by no later than the last day of the Term.

3.2 If your Offer is an Interest-Only Mortgage, you are required to repay the interest on the Capital at the Interest Rate over the Term by making the Monthly Payments. The Monthly Payments do not include any repayment of the Capital. The Outstanding Balance must be paid to us by no later than the last day of the Term. It is your responsibility to make sure that you can do this.

3.3 If your Offer is part Capital-Repayment Mortgage and part Interest-Only Mortgage, you will still owe the Capital in respect of the part of the Loan which is an Interest-Only Mortgage at the end of the Term. The Outstanding Balance must be paid to us by no later than the last day of the Term. It is your responsibility to make sure that you can do this.

3.4 The Monthly Payments are required to be made by Direct Debit on each Payment Date and made from the authorised UK bank account or building society current account that you provided to OakNorth and authorised OakNorth to take payment from. An administration fee, as

set out in the Tariff, shall be chargeable in the event a Direct Debit payment is refused or recalled by your bank or building society.

- 3.5 The Payment Date will be specified in the Offer. The first Monthly Payment will be due on the first Payment Date after Completion and thereafter on the Payment Date in each following Month until you pay off the Outstanding Balance. If the payment is not made on the designated Payment Date, then without prejudice to OakNorth's right to exercise the remedies in the Offer, you will be liable to pay a late payment fee to OakNorth in accordance with the Tariff.
- 3.6 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. Shortly before you repay the Outstanding Balance 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.
- 3.7 We may change the Payment Date at any time by giving you not less than two months' notice.
- 3.8 You may be required to pay an increased Monthly Payment to ensure the payment of the full amount of interest from Completion to the first Payment Date. For Interest-Only Mortgages, payments may vary depending on the number of days in the period.

4. Fees

- 4.1 You are required to pay us the Fees as set out in the Offer and in the Tariff. You acknowledge that you have received a copy of the Tariff with your Offer. OakNorth will provide you with a copy of the updated Tariff on a yearly basis.
- 4.2 The Fees due in accordance with the Offer and the Tariff will be payable immediately. You have the option to deduct the Fees from the Loan, pay the Fees upfront without affecting the Loan or, if we agree, add the Fees to the Loan.
- 4.3 If the Fees are unpaid or deducted from the Loan, the Fees will bear interest at the Interest Rate and such interest will accrue from the date on which the Fees become payable.
- 4.4 The Fees could be increased in order to reflect (i) changes in the costs reasonably incurred by OakNorth in providing services to you in relation to the Loan or (ii) costs incurred by OakNorth as a result of the introduction of, or any anticipated change in (or in the interpretation, administration or application of) any law or regulation. We will inform you of the changes to the Fees at least 30 days prior to them taking effect and the changes will be reflected in the Tariff.
- 4.5 Where the Property has been sold, and the proceeds of sale of the Property are insufficient to fully redeem the Outstanding Balance, the Outstanding Balance owed to OakNorth will become immediately due and payable. The Outstanding Balance owed to OakNorth will bear interest at the Interest Rate. Fees and interest at the Interest Rate will be payable even after any court order requiring you to pay the whole or any part of the Outstanding Balance. Your obligation under this Condition 4.5 will continue even after the release or discharge of the Mortgage.
- 4.6 You acknowledge that you have received a copy of the Illustration/ESIS.

5. Interest

- 5.1 Interest on the Outstanding Balance will accrue at the Interest Rate on a day-to-day basis from and including the date of release of the Advance (or the Additional Borrowing as the case may be) by us, up to and including the date on which the Outstanding Balance is repaid to us in full. Interest will be debited to the Account monthly in arrear (calculated on the number of days in the preceding Month) on each Payment Day. OakNorth may change the method of calculation of interest at any time but will give you at least 30 days written notice before changing the method of calculation.
- 5.2 Interest at the Interest Rate will also be payable if you fail to pay any other money, as specified in the Mortgage Contract, that you owe to us (from time to time) from and including the date on which the payment was due, until the date on which such outstanding amount is received by us in full.
- 5.3 If accrued interest is not paid on or before the relevant Payment Date, it will be added and treated for all purposes as part of the Outstanding Balance. Interest at the Interest Rate will be charged even if there is a court order to pay the full or part of the Outstanding Balance.

6. Payment of Outstanding Balance

- 6.1 The Outstanding Balance must be repaid on or before the last day of the Term. If any provision of the Offer requires you to pay the Outstanding Balance earlier, you must comply with that provision.
- 6.2 OakNorth will provide you with statements of Monthly Payments which shall be the basis of your payment of the Outstanding Balance and any other amount that you owe to OakNorth in respect of the Mortgage Contract. These statements will be conclusive save in the case of manifest error.

7. Changes in the Monthly Payment

- 7.1 The amount of the initial Monthly Payment is set out in the Offer. Subsequently we will send you statements of the Monthly Payments on a yearly basis.
- 7.2 There could be changes in Monthly Payments for various reasons such as to incorporate a change in the Interest Rate, or changes to the Payment Date or to cover any amounts that you owe to OakNorth, or due to any changes in the Outstanding Balance, or any changes / cancellation of any concession or arrangement between us, or to reflect any changes agreed between us in the amount and number of Monthly Payments. Any changes in the Monthly Payments shall be confirmed to you in writing at least 30 days in advance.

8. Early Repayment, Overpayment and Moving Property

- 8.1 If the Loan or part of the Loan is repaid before the end of the Term, an Early Repayment Charge may be payable. Costs associated with early repayment, if any, will also be payable as set out in the Offer. We will not charge an Early Repayment Fee if the mortgage debt is repaid in full on your death (or on the first death where there is more than one of you).

8.2 You can only make Overpayments in accordance with the Offer and this Condition 8. You can either make regular monthly Overpayments by adding the amount to your Monthly Payment or you can make one-off Overpayments from time to time.

8.3 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 make one-off Overpayments in accordance with the Offer and this Condition 8.3 at any time by notifying us in writing or by telephone.

8.4 Moving property

(A) If you move property during the Term we may (at our absolute discretion) agree to lend you the same amount as the Outstanding Balance 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:

(i) we are satisfied with your credit history;

(ii) we are satisfied that the new property being offered as security is acceptable to us (a new legal mortgage will be required);

(iii) we are satisfied that the new lending meets our standard lending policy and assessment criteria at the relevant time;

(iv) 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.

(B) If we agree to lend more than the Outstanding Balance at the time you move property, then as well as lending the Outstanding Balance 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.

(C) If any the Outstanding Balance is repaid as a result of moving property this will be subject to any Early Repayment Charge as described above.

9. Expenses

9.1 You must reimburse us, on demand, for the following expenses:

(A) all reasonable costs in connection with administering the Mortgage Contract, including but not limited to costs arising from communicating, supplying or copying deeds or documents to you and anyone acting on your behalf, any third-party fees and charges such as Companies House fees or H.M. Land Registry fees;

- (B) our costs in bringing or defending any legal proceedings (whether or not you are a party to those proceedings)
- (C) our costs in enforcing any of our legal rights under or relating to the Mortgage Contract;
- (D) our costs in recovering any money you owe to us;
- (E) our costs in protecting, preserving or perfecting our security or in purchasing third party interests in the Property;
- (F) our costs in complying with any requests you make in connection with the Mortgage Contract and all reasonable costs towards correcting any failure by you to comply with the terms of the Mortgage Contract (including but not limited to any insurance premium and associated costs) which in each case are not covered by Fees; and
- (G) our costs in taking out and keeping up any insurance policy under these Conditions, or in increasing the cover provided by that policy.

9.2 The costs and expenses mentioned in Condition 9.1 include both our external costs (i.e. costs we have to pay to other people) and our internal costs (i.e. costs we incur in carrying out actions ourselves).

9.3 We will charge interest at the Interest Rate on the Expenses we have incurred which are not paid to us by you on the date we demand the same, from and including the date we make such a demand to and including the date we receive full payment of the amount demanded.

9.4 Any Expenses incurred under this Condition 9 will form part of the money you owe us and will be secured by the Mortgage until it is paid in full.

10. Additional Borrowing

10.1 If you apply for Additional Borrowing, we will carry out an assessment of your credit worthiness and suitability for the Additional Borrowing and we will apply our prevailing underwriting conditions, but we will be under no obligation to grant you Additional Borrowing even if the underwriting conditions are met.

10.2 The Additional Borrowing shall be subject to these Conditions unless otherwise agreed between the parties in writing.

11. Application of Payments

11.1 Any payment made by you will be applied by us against the Outstanding Balance as set out in Schedule 1 but not necessarily in that order.

11.2 In exercising our rights stated in Condition 11.1 we will act in compliance with any legal and regulatory requirements.

12. Changes to the Interest Rate

12.1 The Interest Rate will change in accordance with the Offer or otherwise as per this Condition 12.

12.2 Where the reference to the Interest Rate calculation is the Standard Variable Rate, we may:

(A) reduce the Standard Variable Rate at any time for any of the following reasons:

- (i) due to any decrease in LIBOR or the Bank of England Base Rate (whichever applicable) or reduction in the costs of funds; and/or
- (ii) any other valid reason.

(B) increase the Standard Variable Rate at any time for any of the following reasons:

- (i) to reflect a change which has occurred, or which we think is about to occur, in the cost of funds we use to fund our lending, and which may include (for example) our costs of borrowing money or the rates we need to pay to attract savers;
- (ii) to reflect a change which has occurred, or which we reasonably expect to occur, in our reasonable assessment of the risk, or of the cost or pricing of that risk, relating to our mortgage business generally;
- (iii) to reflect a change in the law, regulatory requirements or guidance (including a recommendation by an ombudsman or any similar body), or any relevant code of practice or general industry practices;
- (iv) to enable us to harmonise in a reasonable manner the interest rates following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider;
- (v) to enable us to manage our business (and its growth) prudently in the interests of our customers as a whole and in a manner, which would satisfy the requirements of our regulators; and/or
- (vi) any other valid reason.

12.3 Any increase or decrease in the Standard Variable Rate will be proportionate to the aforesaid reason(s) for the changes.

12.4 If the Interest Rate is linked to the Bank of England Base Rate or LIBOR it will change automatically to reflect any change in the Bank of England Base Rate or LIBOR and will take effect on the day of such change (if the Interest Rate is linked to the Bank of England Base Rate) or on the first Business Day after the LIBOR Setting Date (if the Interest Rate is linked to LIBOR) or on such other date as set out in the Offer.

12.5 In the event of change in the Interest Rate, OakNorth will give you at least 30 days' written notice of the change to the Interest Rate and the Monthly Payment, and the Monthly Payment will change on the next Payment Date following expiry of the 30 days' notice.

13. Amounts owed at the end of the Term

13.1 You will repay the Outstanding Balance at the end of the Term. OakNorth will not release the Mortgage until the Outstanding Balance is repaid in full.

13.2 Interest will continue to be charged on the Outstanding Balance at the Interest Rate (which for the avoidance of doubt will be the higher of (i) your then current Interest Rate and (ii) the Standard Variable Rate) after the end of the Term.

14. Mortgage

The Mortgage is our security for every part of the Outstanding Balance and the Mortgage Deed is our continuing security for the Outstanding Balance. The Mortgage Deed will stay in force until the Outstanding Balance is repaid in full.

15. The Property

15.1 In respect of the Property, you must:

- (A) live in and occupy the Property as your main residence unless your Offer is:
 - (i) a Buy-to-Let Mortgage in which case neither you nor any related person (which includes your spouse, civil partner, parent, grandparents, brother, sister, children, grandchildren, or any person (whether or not of the opposite sex to you) whose relationship to you has the characteristics of the relationship between husband and wife) may occupy the Property at any time during the Term; or
 - (ii) a Commercial Mortgage;
- (B) insure the Property 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 by you. For our further requirements relating to insurance please see Condition 18;
- (C) maintain the Property in good condition and repair so as to maintain its value. This includes keeping the Property in good repair and condition as well as complying with all your obligations and responsibilities and any restrictions that apply to it. You agree to complete any unfinished work at the Property as soon as possible and to a high standard and in compliance with all applicable building regulations, planning and other consents. You will not neglect or damage the Property, or make any act or omission to reduce its value;
- (D) not make any structural or significant alterations to the Property unless you have our prior written consent;

- (E) use or, if your Offer is a Buy-to-Let Mortgage ensure the use of, the Property as a single private dwelling and not (without our prior written consent) allow the Property to be used for a trade or business;
- (F) not (without our prior written consent) create or allow to exist any security over the Property other than the Mortgage;
- (G) not do anything at or on the Property which may adversely affect any insurance or which may increase the premium due for that insurance or make it more difficult to insure the Property;
- (H) unless your Offer is a Buy-to-Let Mortgage, not grant or agree to grant a lease or tenancy of all or any part of the Property and any rights you have under the LPA to grant leases and/or surrender leases does not apply;
- (I) not transfer or dispose of your interest (or any interest) in the Property without our prior written consent and you agree to provide us with an undertaking from your solicitor to apply to H.M. Land Registry for the entry of a restriction of any dealing in the Property restricted by this Condition 15.1(I) (please note it is your responsibility to register the restriction stipulated in this Condition 15.1(I));
- (J) provide us with a copy of any notice or demand you receive in connection with the Property within a reasonable time (such period to be no longer than five Business Days) and take all reasonable and necessary steps to comply with the requirements of any such notice, and any compensation arising from any notice that you receive you will hold on trust for us and use to reduce the Outstanding Balance;
- (K) notify us immediately in writing if you acquire a new or increased interest in the Property (e.g. an extended lease or the freehold of the Property, or an interest in the freehold of any building which includes the Property) and:
 - (i) give us a new first legal mortgage over the new or increased interest you get in the Property. The mortgage must be in a form approved by us and will be completed at your expense; and
 - (ii) deliver to us the title deeds for the new or increased interest in the Property;
- (L) allow us or our agents (on reasonable notice) to inspect the Property at a reasonable time to ensure that all provisions of the Mortgage Contract are being complied with;
- (M) comply with all laws, agreements, leases, covenants and conditions which affect the Property or its use;
- (N) pay any rent, rates, taxes or other bills or outgoings which affect the Property, even if you are not personally responsible for paying them and you will produce all receipts for such payments to us within a reasonable time if we so require. You agree that if you fail to pay any of these bills or costs, we may pay them on your behalf and add the amount to the Outstanding Balance;

- (O) unless your offer is a Buy-to-Let Mortgage or a Commercial Mortgage, tell us before Completion of anyone who is or will be 17 years old or older at Completion who will be living at the Property 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;
- (P) let us know if the Property is unoccupied for 28 or more days continuously;
- (Q) not do any of the following without first obtaining our written consent:
 - (i) grant a new or extended lease of the Property;
 - (ii) give anyone an enforceable licence to occupy the Property;
 - (iii) unless your offer is a Buy-to-Let Mortgage or a Commercial Mortgage, part with possession of the Property or share possession of it with anyone else;
 - (iv) allow anyone to surrender a lease of the Property;
 - (v) change the use of the Property;
 - (vi) agree to any restrictive covenants or obligations being imposed on the Property;
or
 - (vii) apply for an improvement or similar grant for the Property;
- (R) ensure that nothing is done without our prior written consent which may:
 - (i) damage the structure or adversely affect the condition of the Property;
 - (ii) make the mortgage, or our charge over the Additional Security, less valuable to us;
- (S) if, following Completion, you are sent any of the title deeds to the Property:
 - (i) notify us immediately in writing of you receiving the title deeds;
 - (ii) store them in a safe and secure place; and
 - (iii) send them to us at your own risk by first class post within seven days' of any written request for them by us; and
- (T) if you have a leasehold interest in the Property, notify the landlord of the Property about this Mortgage.

15.2 If you fail to comply with any of the aforesaid obligations, you agree that OakNorth may take steps required to ensure the compliance on your behalf and at your expense.

15.3 We only offer mortgages on properties located in England and Wales.

- 15.4 If you have a Buy-to-Let Mortgage or let or lease all or any part of the Property without our consent:
- (A) you must comply with all the landlord's obligations under the lease and under general law;
 - (B) you must do all you can to ensure that your tenants and any other party to the tenancy agreement carry out their obligations under the tenancy agreement;
 - (C) any letting must be an assured shorthold tenancy for a term not exceeding 12 months (and month to month thereafter);
 - (D) you must not extend or end the lease or tenancy, or agree to any of the terms being changed, unless you have our prior written consent;
 - (E) you must send us within a reasonable time a copy of any notice you receive from anyone who wishes to:
 - (i) extend the lease;
 - (ii) acquire the freehold of the Property; or
 - (iii) acquire an interest in the freehold of any building which includes the Property, or in the freehold of any building which is included in the Property;
 - (F) you must not enter into any agreement (including an agreement for the making of a consent order by the court) for any of the purposes mentioned in Condition 15.4(E) above without first obtaining our written consent to the terms of the agreement;
 - (G) if asked, you must supply us with the following:
 - (i) details of any persons who are using or occupying the Property from time to time;
 - (ii) information about the basis on which they are entitled to use or occupy the Property;
 - (iii) certified copies of any documents under which they claim to be entitled to use or occupy the Property; and
 - (iv) any other information or documents which we require concerning the Property, or the way it is used, or any building works being carried on there; and
 - (H) if we have given our consent to the letting (whether in the Offer or subsequently), you must not occupy the Property or allow a related person (which includes your spouse, civil partner, parent, grandparents, brother, sister, children, grandchildren, or any person (whether or not of the opposite sex to you) whose relationship to you has the characteristics of the relationship between husband and wife) to occupy it.

15.5 If at any time you have let the Property in breach of Condition 15.1(A) or (H) or any other condition in the Offer, or (unless your Offer is a Buy-to-Let Mortgage or a Commercial Mortgage) the Property is no longer your main residence (whether the Property is let or not), we may without affecting our other rights under this Mortgage Contract:

- (A) demand that you immediately repay the Outstanding Balance in accordance with Condition 17.1; or
- (B) increase the Interest Rate from the date the Property is let out, by an amount determined by us (in line with the Interest Rate of a Buy-to-Let Mortgage or a Commercial Mortgage); or
- (C) exercise any rights we have to evict the tenant (and for the avoidance of doubt, you shall be solely responsible for any liabilities arising to you or us as a result of such eviction),

of which you will be notified in writing.

16. Events of Default

16.1 OakNorth may demand that you immediately repay the Outstanding Balance, at any time, if any of the following events occur:

- (A) you fail to make any two Monthly Payments in full on the relevant Payment Dates and at the time of our demand those Monthly Payments have still not been paid in full;
- (B) you do not pay any other material amount under the Mortgage Contract when due (not being a Monthly Payment) including without limit any Outstanding Balance at the end of the Term;
- (C) if there is a breach of any of the terms of the Mortgage Contract or a Condition (that do not relate to payment of money) and:
 - (i) you fail to remedy the breach within 14 days after we give you notice to remedy it; or
 - (ii) we reasonably think that the breach creates a new or increased risk that we would suffer loss if we were to realise our Mortgage and the Additional Security;
- (D) where you create adverse rights, or grant an interest in the Property which will affect our enforceability rights under the Mortgage Contract;
- (E) any part of the Property is subject to a compulsory purchase order or requisitioned;
- (F) if the Property or any part of it is damaged and in our reasonable opinion the value of our security is materially lower than it was at the time of the Offer;
- (G) where you become bankrupt or you make any formal arrangement with any of your creditors, or you are unable to make any financial commitments on the date on which they fall due (or any equivalent event occurs in another jurisdiction);

- (H) where you (being a company) are subject to an application or the presentation of a petition for your winding up or for the appointment of an administrator, or you enter into liquidation or administration or into any arrangement with your creditors (or any equivalent event occurs in another jurisdiction);
- (I) where you (or someone on your behalf) fail to give information, or gave us incorrect information when you applied for the Loan or at any time thereafter, and that information has had or would have had a significant negative effect on our decision to lend or continue to lend to you;
- (J) any person with a right, claim or interest in the Property takes legal action to repossess it or to enforce their interests;
- (K) if you die or, in case of a Joint Mortgage, the last surviving Borrower dies (in this Condition 16.1(K), 'you' does not include your personal representative);
- (L) if someone seizes your goods under the commercial rent arrears procedure;
- (M) if someone appoints a receiver of any of your property;
- (N) if any of the following are set aside or found to be ineffective or no longer valid or legally binding (for any reason), or part effective:
 - (i) the Mortgage Deed;
 - (ii) our charge over the Additional Security; or
 - (iii) any mortgage or other security for a guarantee;
- (O) if another mortgagee or security holder:
 - (i) takes possession of the Property;
 - (ii) appoints a receiver of the Property; or
 - (iii) exercises, or tries to exercise, a power of sale over the Property;
- (P) if your Property is leasehold and your landlord gives you a statutory notice specifying a breach of any obligation or condition in the lease and, if the notice requires you to remedy the breach, you fail to remedy it within a reasonable time
- (Q) if your Offer is not a Buy-to-Let Mortgage and you let the Property without our permission;
- (R) an event occurs under any other agreement you have with us enabling us to demand repayment in full of monies borrowed under that agreement before their normal due date;
- (S) if any action is taken or arrangement is put in place that is similar in effect to the action or arrangements set out in Condition 16.1(G), (H), (L) or (M);

- (T) any of the events in Condition 16.1(G), (H), (I), (K), (L) or (M) occur in relation to any Guarantor;
- (U) the Mortgage Deed is not the first ranking legal charge secured against the Property;
- (V) a regulator or order of a court requires us to enforce such immediate repayment;
- (W) you are convicted of fraud or an indictable-only offence or we reasonably believe you have been involved in fraudulent or serious criminal behaviour;
- (X) if we reasonably believe or anticipate your inability to meet your obligations under the Mortgage Contract due to material adverse change in your circumstances (economic or otherwise) on which we had relied while providing the Loan to you;
- (Y) if your Offer is a Buy-to-Let Mortgage, any loan to value ratio set out in the Offer is breached and any provisions for supplying us alternative security or remedying the breach which are set out in the Offer are not complied with;
- (Z) if you have a Buy-to-Let Mortgage or a Commercial Mortgage and there has been, or if we reasonably anticipate there will be, a material adverse change in your circumstances or ability or in economic or regulatory conditions, which we consider will adversely affect your ability to meet your obligations under the Mortgage Contract; or
- (AA) if for any reason a Guarantee is invalidated or becomes unenforceable.

16.2 You must notify us immediately after you become aware of the occurrence of any of the events in Condition 16.1 above.

17. Enforcing our Rights

17.1 OakNorth may demand immediate payment of the Outstanding Balance, if any of the events in Condition 16.1 occur or if any of the obligations set out in Condition 15 are not fulfilled or if there is a material breach of any other Condition.

17.2 The powers conferred by section 101 of the LPA as varied and extended by the Mortgage Deed shall be deemed to arise from the date of the Mortgage Deed.

17.3 If any of the events in Condition 16.1 occur or if any of the obligations set out in condition 15 are not fulfilled or if there is breach of any other Condition, OakNorth can use the powers under section 101 of the LPA upon enforcing the mortgage.

17.4 If any of the events in Condition 16.1 occur or if any of the obligations set out in Condition 15 are not fulfilled or if there is a material breach of any other Condition, we may:

- (A) take possession of the Property or if the Property is let, collect any rent receivable;
- (B) exercise our right to sell the Property (our power to sell the Property is free from any of the restrictions in section 103 of the LPA and we (or anyone appointed by us) may sell the Property whether or not we have taken possession);

- (C) appoint a receiver under Condition 22; and/or
- (D) exercise all other powers conferred on mortgagees or security holders by law including:
 - (i) carrying out repairs or improvements to the Property;
 - (ii) managing the Property;
 - (iii) where you hold the Property under a lease:
 - (a) extending or renewing the lease;
 - (b) surrendering the lease; or
 - (c) agreeing with the landlord to change the terms of the lease;
 - (iv) granting a lease of the Property free from any statutory restrictions (including those restrictions in section 99 of the LPA);
 - (v) where the Property is let (i.e. where you are the landlord under a lease of the Property):
 - (a) bringing the lease to an end;
 - (b) agreeing with the tenant to change the terms of the lease; and
 - (c) accepting a surrender of the lease, free from any applicable statutory restrictions; or
 - (vi) making any application to any land registry responsible for registering ownership of the Property on any matter relating to the Property.

17.5 We may do any of the things and exercise any of the rights referred to in Condition 17.4 if any of the Other Debt is immediately payable by you, even if you have paid off all the Outstanding Balance (not including the Other Debt).

17.6 We will have the right to offer to buy out the other person's rights if the Property has been mortgaged in a way that gives someone else a first claim on it, or someone has an interest in it ahead of our Mortgage Deed. We may do so at any time:

- (A) after giving you notice that you are required to pay the Outstanding Balance; or
- (B) as soon as any powers under the claim or interests have come into force. You will be fully bound by any agreement we reach with the other person. You must pay back any money we have spent on buying out that other person's rights when we ask you for it.

17.7 We or our agent may at any time enter and inspect the Property and do any work which we think is necessary to make good any failure by you to comply with the terms of the Mortgage Contract. We will give you at least seven days' notice of our intention to enter the Property unless we reasonably determine it is inappropriate or impracticable for us to do so or if the

security of the Property is in jeopardy; in such cases OakNorth shall have the right to enter the property without any prior notice. If we take any action under this Condition 17.7, it does not mean that we have accepted the legal responsibilities as if we had repossessed the Property.

- 17.8 If we or a receiver take possession of the Property, you must, on notice, remove all of your furniture and other belongings. If you fail to do so within seven days of the notice, we may as your agent remove, destroy, dispose, store or sell any items left behind and neither we nor the receiver will be responsible for any loss or damage to your possessions. You must reimburse us for all Fees and Expenses of dealing with your furniture and goods. If we sell any of them, we will pay you what is left after deducting those Fees and Expenses.
- 17.9 If you have taken out an Interest-Only Mortgage with us and your Capital repayment strategy is no longer viable, we have the right to change your mortgage to a Capital Repayment Mortgage subject to an affordability assessment.
- 17.10 If the Property or the Additional Security is realised (for example, if the Property is sold by us or another person with a mortgage or security over it), we shall apply the money we receive in the following order:
- (A) to pay off the Outstanding Balance;
 - (B) pay off any other mortgages, securities or charges which affect the Property or the Additional Security; and
 - (C) pay any surplus to you or, if we are unable to locate you, into an account with us in your name (which you authorise us to open for this purpose).

18. Insurance

- 18.1 Subject to Condition 19.1 it is your responsibility to insure the Property against loss and damage for the full reinstatement value of the Property (which is the full cost of rebuilding the Property, including all professional fees and the cost of meeting planning and local authority requirements).
- 18.2 The Property must be insured at all times and even if the Property is let out you must insure the Property and must ensure that the tenant is aware of any conditions made by the insurance company and if the obligation to pay for the insurance is imposed upon the tenant, the same is complied with and that the tenant ensures at all time that there is a valid insurance policy in force.
- 18.3 You must ensure that the insurance is kept in full force until you have repaid the Outstanding Balance in full.
- 18.4 A comprehensive policy of insurance is required which:
- (A) covers fire, subsidence, heave, landslip, aircraft, explosion, storm, flood, earthquake, impact, bursting/ leaking of water tanks or pipes, riot, terrorism, vandalism and acts of malicious damage and any other risks as we may from time to time reasonably demand;

- (B) contains a clause protecting our interest in the insurance if you or anyone else living in the Property is negligent;
- (C) is with a reputable insurance company for at least the full reinstatement value of the Property; and
- (D) has an excess that is reasonable and not more than £1,000 for claims for subsidence, landslip or heave.

18.5 The insurance policy must be in force:

- (A) if you are buying the Property, when contracts to acquire the Property are exchanged; or
- (B) before the Mortgage completes if you are re-mortgaging the Property.

18.6 You must pay all of the insurance premiums on time and in the event your policy is cancelled or lapses at any time during the Term, you must inform us immediately.

18.7 If required by us, you must promptly provide us with a copy of the policy and receipts for your premium payments.

18.8 If we suffer any loss arising from your failing to insure the Property in accordance with the Mortgage Contract, we may take action against you for any such loss.

18.9 You will promptly inform us if there is any damage to the Property which may give rise to a claim under the insurance policy.

18.10 You must not do anything which could make it more difficult or expensive to keep the Property insured or which could make the insurance invalid.

18.11 We will act reasonably in exercising our right to settle and adjust all claims with insurers regardless of whether the insurance is arranged by us or is an independent insurance policy.

18.12 You agree to hold on trust for us any money that you receive under any insurance in respect of the Property. We agree that all monies which either you or we receive under any insurance in respect of the Property are to be used to:

- (A) make good any damage or loss for which the money was received; or
- (B) repay all or part of the Outstanding Balance,

and you must notify us of your preferred option within 30 days of request from us otherwise we may choose on your behalf. We agree to act reasonably in doing so.

18.13 You must ensure that:

- (A) any material facts concerning the insurance are disclosed to the insurer when the insurance is taken out; and

- (B) any events which occur, or facts which you discover, after the insurance is taken out are immediately disclosed to the insurer if they are material to the insurance.

18.14 We reserve the right to take over the arrangement of the insurance of the Property at any time if:

- (A) we reasonably consider that the amount or type of cover set up by your insurer (or, where the Property is leasehold, set up by an insurer under Condition 19.1) is inadequate; or

- (B) if the policy is cancelled or lapses.

In such event, you will be liable for all and any fees, costs or charges of any kind reasonably incurred as a result, including but not limited to the cost of arranging such insurance, and you will promptly reimburse us for such costs and expenses.

19. Leasehold Properties

19.1 If the Property is leasehold and your landlord covenants in your lease to insure the Property you do not have to arrange your own separate insurance cover. However, it must be a term of the lease that the landlord or a management company insures the whole building of which the Property is part. You must make sure that:

- (A) the cover includes all the risks that we reasonably require;
- (B) the cover is for the full reinstatement value of the Property;
- (C) the cover is for the whole building of which the Property is part;
- (D) any money claimed under the policy is used to restore the buildings and fixtures; and
- (E) the insurance is adequate.

19.2 You must comply in full with the terms of any applicable and valid lease.

19.3 If the Property is leasehold you must obtain our written approval before you agree any of the following:

- (A) surrendering of the lease or giving notice to terminate the lease;
- (B) amending the terms of the lease or waiving or releasing any of your rights under it;
- (C) purchasing of the freehold or any superior title to the Property or any land or building that includes the Property; or
- (D) extending the lease.

19.4 All communications received by you under the lease must be sent to us promptly.

19.5 If you hold the Property under a lease, you agree to the following:

- (A) you will comply with all the tenant's obligations under the lease;
- (B) you will do all you can to make sure that the landlord and any other party to the lease (e.g. a management company) comply with their obligations under it; and
- (C) you will send us within a reasonable time a copy of any notice you give:
 - (i) to extend the lease;
 - (ii) to acquire the freehold of the Property; or
 - (iii) to acquire an interest in the freehold of any building which includes the Property.

20. Guarantee

20.1 The Guarantor is required (pursuant to a Guarantee) to guarantee to us that you will repay the following with interest at the Interest Rate in accordance with these Conditions:

- (A) the Advance;
- (B) any Additional Borrowing which the Guarantor has given its consent to; and
- (C) interest and any Fees and Expenses which we add to the Account which relates to any Loan which the Guarantor has guaranteed under the Guarantee.

20.2 The Guarantor is also required to guarantee that you will comply with each obligation imposed on you pursuant to the Mortgage Contract.

20.3 A Guarantor shall not be released from his obligations to us if we allow a Borrower or any other person extra time within which to make any payments or do any other thing which they are required to do under these Conditions or if we make any other concessions to a Borrower or any other person or if any other event or circumstances arise which, but for this provision, would otherwise release the Guarantor from all or any of his obligations to us.

21. Management Companies

If you own the Property on terms which allow you to hold a share in a management or residents' company, you agree to give us your share certificate or membership certificate when we ask you to do so together with a share transfer form and allow this to be transferred to us so that, if we need to repossess the Property or sell it, we can transfer your shares or membership to any person to whom we have sold the Property under our power of sale. We may receive consideration for any such transfer. We may exercise any voting rights as a result of our having taken possession of the Property.

22. Appointing a Receiver

22.1 At any time after we have demanded payment of any of the Outstanding Balance by you under Condition 17, we may appoint a receiver and such appointment shall be made in writing. We have the right to appoint any person (or people) as a receiver of the Property. If we appoint more than one person as receiver, they may be given the power to act together and/or

individually. Any receiver may be our employee or anyone else we choose to appoint. The restrictions contained in section 109 of the LPA shall not apply to us.

22.2 We have the right to:

- (A) decide the fee of any receiver, payment of which you will be responsible for; and
- (B) change any receiver at any time and to appoint another one if we believe it is reasonable to do so.

22.3 Any receiver will act as your agent and in their capacity as agent they can:

- (A) exercise all of the powers conferred by the LPA (as varied by these Conditions) on mortgagors and on mortgagees in possession and on any receiver appointed under the LPA 1925;
- (B) enter and repossess the Property;
- (C) sell the Property;
- (D) carry out any repairs, alterations and improvements to the Property;
- (E) let out the Property on any reasonable terms including the varying of the terms of any letting;
- (F) allow any person who holds the lease to the Property to give up the lease on any reasonable terms;
- (G) manage the Property, and do anything else arising as a result of managing the Property which any receiver may or can do legally as your agent;
- (H) insure the Property for any amounts and against any risks and through any agency as we may see fit;
- (I) sell any of the fixtures on their own or together with the Property;
- (J) remove, destroy, dispose of, store or sell any furniture or goods you fail to remove from the Property;
- (K) pay any interest and Expenses;
- (L) take any action in your name or otherwise as may seem appropriate;
- (M) exercise all powers and authorities as if the receiver is the actual beneficial owner of the Property and exercise all powers and authorities which we can exercise under the Mortgage, in which case the role of the receiver is dual (i.e. our agent as well as the Borrower's agent);
- (N) if the Property is leasehold, agree to change or vary the terms of the lease or surrender it and/or arrange a new lease (for the avoidance of doubt if the receiver agrees to a new

lease our security for the Mortgage will automatically transfer to the new lease and the receiver may arrange whatever formal legal charge on it we may require);

- (O) buy out anyone else's interest in the Property; and / or
- (P) do anything else permitted under law in connection with the Property.

22.4 You shall be responsible for any actions of any receiver and you will be liable for:

- (A) any contracts they enter into;
- (B) any receiver's acts and defaults;
- (C) reimbursing any receiver against any costs or liabilities which he incurs in the course of his appointment; and
- (D) paying any receiver's remuneration.

22.5 The money any receiver receives will be used in the manner set out below but not necessarily in the same order:

- (A) in meeting any claims which have priority to the Mortgage;
- (B) to pay any receiver's expenses;
- (C) to pay any receiver's fees at the rate we agree with the receiver from time to time; and / or
- (D) to pay off the rest of any amounts you owe us (including the Outstanding Balance).

22.6 Any receiver will not be bound to use the money he receives to pay off interest before Capital, or otherwise to pay off the Outstanding Balance in any particular order.

22.7 At our request, any receiver may set aside funds out of the money he receives to make provision for the discharge of any contingent liability which is secured by the Mortgage.

23. Power of Attorney and further assurance

23.1 For the purpose of securing our interest in the Property, you appoint us and (as a separate appointment) any receiver appointed by us to be your attorney. The attorney will be legally entitled to act in your name and on your behalf and the attorney's acts will bind you as though you had done such acts.

23.2 Under the power of attorney, we or any receiver which is appointed by us may execute any document or do anything which you are required to do under these Conditions including (but not limited to):

- (A) to make good or preserve your title to the Property or our rights in relation to the Mortgage;

- (B) to make good or preserve our charge over the Additional Security;
- (C) to enable any of our rights and powers under the Mortgage Contract to be effectively exercised;
- (D) to receive any money due to you in connection with the Property or the insurance of the Property;
- (E) to make sure that any money which is paid under the Additional Security is paid to us;
- (F) to use any money received as your attorney to reduce or pay off the Outstanding Balance;
- (G) to allow the following to be transferred to a purchaser or Transferee:
 - (i) the Property;
 - (ii) the Additional Security; or
 - (iii) any interest in either of them;
- (H) to allow the following, or any interest in them, to be transferred to a purchaser or Transferee:
 - (i) the Mortgage Contract;
 - (ii) our charge over the Additional Security; and
 - (iii) any Guarantee;
- (I) to bring or defend any legal proceedings which we reasonably think are needed for any of the above purposes; and
- (J) to execute a new legal mortgage over any new or increased interest you have acquired in the Property.

23.3 If there is more than one of you, the power of attorney contained in this Condition 23 allows us and any receiver we appoint to act for all of you together and each of you separately.

23.4 We will be entitled to delegate our power of attorney to third parties where this is reasonably necessary to help us in the exercise of our powers.

23.5 We will not be liable for anything which is done under the power of attorney unless we have failed to use reasonable care in exercising such power.

23.6 The power of attorney that you give us in this Condition 23 is irrevocable while any of the Outstanding Balance is outstanding and will continue to be irrevocable even after release or discharge of the Mortgage if any of those sums are outstanding.

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

- (A) perfect or improve any security created or intended to be created for the repayment of the Outstanding Balance;
- (B) help to exercise any of our powers under these Conditions; and / or
- (C) protect, manage or sell the Property or any other security for the repayment of the Outstanding Balance.

24. Set Off monies held on your behalf under another mortgage

24.1 We can (but are not obliged to) use any monies which we are holding on your behalf:

- (A) pursuant to a power of sale or power to appoint a receiver in relation to another property owned by you or any one or more of you which is mortgaged to us; and
- (B) the monies so held by us exceed the amount required to discharge the debt relating to that Mortgage,

to repay the Outstanding Balance, if any of the events in Condition 15.1 or 16.1 occur.

24.2 You irrevocably authorise us to apply any credit balance we are holding on any account in your name or in the name of any of you, or any other monies we owe to any of you towards any of the Outstanding Balance which is due and payable.

25. Delay, Waiver and Mistakes

25.1 Any delay or relaxation in enforcing any terms of the Mortgage Contract will not affect our rights to enforce the Mortgage Contract or to enforce such rights in part.

25.2 If it is found that the amount of the Outstanding Balance was understated by mistake or if any payment or Direct Debit payment is refused, reversed or recalled by your bank or building society, you shall remain personally liable even if a receipt or letter saying the Mortgage has been repaid in full has been released.

25.3 Even if we miscalculate the amount payable by you to us or make any other mistake about the Mortgage Contract this will not affect any of our rights, including our ability to claim the correct amount from you either before or after the Mortgage has been released, with interest at the Interest Rate until repayment.

25.4 This Condition 25 does not affect any legal rights which you may have as a result of the Outstanding Balance being understated.

26. Reimbursement

You must pay us the full amount of our losses, liabilities, costs and payments (which would not have arisen otherwise) in any way to do with the claim, defence or breaking the Mortgage Contract if a claim is made or a defence is raised against us because of something you do

wrong or fail to do that you are supposed to do, or if you break the terms of the Mortgage Contract. This includes any Expenses we shall incur.

27. Our Right to Transfer

27.1 You agree that we may Transfer (or agree to Transfer) the following to a Transferee at any time:

- (A) some or all of our rights or obligations under any Mortgage Contract, Loan, Mortgage or related security; and
- (B) some or all of the rights or obligations we have under our charge over the Additional Security,

and through this Condition 27, you have consented to such transfer and acknowledge that no further consent is required from you in this regard.

27.2 If we Transfer any of our rights under Condition 27.1, the Transferee will be able to enforce the transferred rights against you in the same way that we could enforce them before the Transfer.

27.3 If we Transfer any of our obligations under Condition 27.1:

- (A) you will be able to enforce the transferred obligations against the Transferee in the same way that you could enforce them against us before the Transfer; and
- (B) we will be released from any further liability to perform the transferred obligations.

27.4 You hereby consent to us providing any information regarding your Application, Mortgage, Loan, Account or any other relevant information to:

- (A) any person or organisation including any Transferee or potential Transferee and their professional advisers (and this information may be provided at any time (before or after the Transfer));
- (B) any person who was previously the lender of the Loan, and their professional advisers (and this information may be provided at any time (before or after the Transfer)); and/or
- (C) any person or organisation including, but not limited to, credit reference agencies.

27.5 The Transferee will have the same rights under the Mortgage as us. The Transferee may make certain changes (including to the Tariff) to your Loan by reference to their own circumstances at the time.

27.6 Your rights and obligations under the Mortgage Contract are personal to you and therefore you are not entitled to transfer them to anyone else.

28. Joint Mortgages

28.1 If the Mortgage is a Joint Mortgage (i.e. there is more than one Borrower) then:

- (A) each Borrower is severally responsible for abiding by the terms of the Mortgage Contract (including the obligation of making the Monthly Payments);
- (B) unless and until you (or any of you) notify us to the contrary in writing:
 - (i) you authorise each other to agree to any amendments to the Mortgage Contract in writing and agree with each other that you will not individually be required to approve any such amendments; and
 - (ii) we will accept signatures, instructions or notices under these Conditions from any one of you and will act upon such signatures, instructions or notices as if they were from all of you. The signatures, instructions and notices referred to in this Condition 28.1(B)(ii) include those relating to any Additional Borrowing, the Additional Security and amendments to the Conditions.
- (C) each individual shall be severally responsible for repayment of the Outstanding Balance. OakNorth shall be entitled to take action against each Borrower individually in the event the terms of the Mortgage Contract are breached. We have independent rights against each Borrower and any arrangement we make against one or some of you will not affect our rights against the other(s) or any responsibilities of the other(s) under the Mortgage Contract;
- (D) information about the Account, the Loan or the Mortgage Contract shall be provided to any or all of you;
- (E) upon the death of any one of you, we will be entitled to treat the survivor(s) as fully liable for the responsibilities under the Mortgage Contract. Relevant amendments shall be made to the Account under the Mortgage Contract in the name of the survivor(s) and all communication shall be sent to the address of the first surviving Borrower listed for the Account; and
- (F) where a porting option exists (i.e. the option to transfer the Loan to a new Property) in accordance with the Mortgage Contract and if only one (or some) of you exercise such option, the remaining of you shall be required to give consent for such transfer.

29. Additional Security

- 29.1 So far as you are able, you assign the Additional Security to us. On request, we will reassign it to you when you have repaid the mortgage debt.
- 29.2 To the extent you are unable to assign the Additional Security, you agree to grant us a charge over the Additional Security.

30. Continuing Security

- 30.1 The Mortgage is a continuing security. This means that the Mortgage:

- (A) will remain in force if you die, or become bankrupt or mentally incapable; and
- (B) will not be discharged by the part payment of the Outstanding Balance.

31. Variations

31.1 We may vary the terms of the Mortgage Contract to give you the benefit of any enhanced or additional services which become available in connection with the Mortgage or the Account.

31.2 We can also vary the terms of the Mortgage Contract to respond proportionately to the fact that any of the following have occurred or are about to occur:

(A) any change in the law, regulation or in codes of practice or the making of a recommendation, requirement or decision by any court, ombudsman, regulator or similar body; or

(B) any change to the systems we use to manage our accounts (including a change resulting from developments in technology) where the change is needed either to improve the operation of those systems or to integrate them with the systems used by another financial organisation which we acquire or by which we are acquired.

31.3 We will give you at least 30 days' written notice of any change we make under Condition 31.1 or 31.2.

32. Third Party Rights

A party to the Mortgage Contract includes anyone we Transfer our rights to in accordance with the Mortgage Contract or anyone we appoint as a receiver. The Contracts (Right of Third Parties) Act 1999 does not apply to the Mortgage Contract. This means that anyone who is not a party to the Mortgage Contract will have no rights under that Act in relation to the Mortgage Contract.

33. Severability

If at any time any one or more of these provisions becomes illegal, invalid or unenforceable, this will not affect the legality, validity or enforceability of the remaining provisions. Please note that each of the provisions of these Conditions is severable and distinct from the others.

34. Law

The Mortgage Contract is governed by the laws of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any claim, dispute or difference arising from the Mortgage Contract.

35. Communications

35.1 You can contact us on the address in our website and through the modes of communication provided there. The normal method of communication will be by email.

35.2 Please note that we may record/monitor your calls and communication (subject to applicable laws) for training and accuracy purposes etc. We may record or monitor all communications (for example telephone conversations).

35.3 Any notice under this agreement shall be valid only upon receipt by us.

35.4 We will contact you using the last details furnished by you. In the event your contact details change, please inform us promptly in writing regarding the change.

35.5 Please note that we will need to serve notice on you under these Conditions. Such notice shall be done in writing and if:

- (A) done by post at the correspondence address you provide or at the Property. A notice given through post will be considered to be received by you 48 hours after posting;
- (B) by e-mail if you have agreed to e-mail as the primary communication. E-mail will be considered to be received by you on the day the e-mail is sent; or
- (C) any other method permitted by law

35.6 English will be the language for all communication under this agreement.

36. General

36.1 Statements

The following provisions dealing with Account statements only apply to you if you are the Borrower.

- (A) We will send you an Account statement once a year free of charge. If you would like Account 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.
- (B) We recommend that you check your Account statements when you receive them. If anything on your Account 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.
- (C) If there is more than one of you, we will send Account 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.

36.2 Mistakes

- (A) 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.
- (B) A letter from us or receipt of payment stating the Outstanding Balance has been repaid in full does not prevent you from being personally liable if we later find out that the amount of the Outstanding Balance was understated by mistake. This Condition 36.2(B)

does not affect any legal rights you may have as a result of the Outstanding Balance being understated.

36.3 Separation of terms and forbearance

- (A) 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.
- (B) 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.

ANNEX I - For understanding the words and phrases used in the Terms & Conditions

The following words and phrases used in these terms and conditions shall have the following meanings:

- i) **Account**
Record of what you owe us and the payments you make under the Mortgage Contract.
- ii) **Additional Borrowing**
The amount we lend you after the initial Advance and which is secured by the Mortgage.
- iii) **Additional Borrowing Offer**
An offer from us for Additional Borrowing as amended, varied, replaced or supplemented from time to time.
- iv) **Additional Security**
Any of the following:
 - (a) your rights under any agreement, option, guarantee or indemnity which concerns:
 - i) the Property;
 - ii) the way the Property is built; or
 - iii) the condition of the Property;
 - (b) any shares or other membership rights which you hold in a management company or residents' association by virtue of owning the Property;
 - (c) all rights and remedies you have concerning the Property (including any which arise from damage to it or a drop in its value or any rights to compensation); and
 - (d) the benefit of any policy which provides insurance against any of the following risks:
 - i) a defect in the title to the Property;
 - ii) someone enforcing a right against the Property; or
 - iii) the court setting aside or varying an earlier transaction concerning the Property.

However, the Additional Security does not include any contract (such as a mortgage indemnity policy) which allows us to recover any loss we suffer when our security is realised.
- v) **Advance**
The amount stated in the Mortgage Contract which we have agreed to lend you.
- vi) **Affiliates**
Any company which is:
 - (a) a subsidiary of OakNorth;
 - (b) OakNorth's holding company; or

(c) a subsidiary of OakNorth's holding company;

and 'holding company' and 'subsidiary' have the same meanings in this paragraph as they do in section 1159 of the Companies Act 2006.

vii) **Application**

The application for the Loan that you make and any information you give us (or which is given on your behalf) so that we can complete your Loan.

viii) **Bank of England Base Rate**

The Bank of England's official base rate of interest which may vary from time to time (provided that during such time as the Bank of England's official base rate of interest is below 0.25%, a rate of 0.25% will apply) or, if such rate should cease to exist or be published, any other comparable interest rate set by a central banking financial institution in the United Kingdom.

ix) **Borrower**

The person or persons named in the Offer as borrowers to whom the Loan is provided.

x) **Business Day**

Any day other than Saturdays, Sundays or bank holidays in England and Wales.

xi) **Buy-to-Let Mortgage**

The Loan for the acquisition or remortgage of a Property for letting purposes and this is indicated in the Offer.

xii) **Capital**

The money we have lent you through the initial loan and any further loan.

xiii) **Capital-Repayment Mortgage**

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 of the Loan is on a capital-repayment basis.

xiv) **Commercial Mortgage**

The Loan for a business purpose and where the Mortgage Contract is not a regulated mortgage contract under UK law. The business purpose should be stated in the Offer.

xv) **Completion**

The date on which the Mortgage Deed takes effect.

xvi) **Conditions**

The conditions set out in this booklet.

xvii) **Direct Debit**

A payment taken under the Direct Debit Scheme of BACS Payment Schemes Limited or any successor scheme.

xviii) **Early Repayment Charge**

means if you repay your mortgage within a certain time period or make an overpayment that is more than your overpayment allowance, an Early Repayment Charge may be payable. The charge you are required to pay as set out in the Offer.

- xix) **Expenses**
Expenses listed in Condition 9.
- xx) **Fees**
Fees listed in the Tariff and/or the Offer.
- xxi) **Guarantee**
An undertaking to guarantee the Borrower's obligations contained in the Mortgage Contract to us, pursuant to a separate guarantee document.
- xxii) **Guarantor**
A person or persons providing a Guarantee.
- xxiii) **Illustration/ESIS**
The document named "Mortgage Illustration" which shall provide you with the details of the various aspects relating to the Loan, Fees, Expenses, Monthly Payments etc.
- xxiv) **Interest-Only Mortgage**
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 of the Loan is on an interest-only basis.
- xxv) **Interest Rate**
The rate or rates of interest that will apply from time to time to the Loan or any part of it. The initial rate or rates of interest will be stated in the Offer letter and may change after Completion in accordance with Condition 12.
- xxvi) **Joint Mortgage**
An Offer where there is more than one Borrower.
- xxvii) **LIBOR**
The London Inter-Bank Offered Rate (also designated as the British Banker's Association Interest Settlement Rate) being the rate (as determined below) at which sterling deposits are offered for a three-month period (or such other period as set out in the Offer) by prime banks in the London inter-bank market quoted at or about 11 am (London time) on each LIBOR Setting Date. If the London Inter-Banks Offered Rate should fall below 0%, a rate floor of 0% will apply.

The rate is:

- (i) the rate quoted on the appropriate page of the Reuters Screen or any such screen or service that may replace it; or
- (ii) if:
- a. such page or service is not available or ceases to be available; or
 - b. we determine in our reasonable opinion that such page or service is no longer appropriate to be used for the purposes of calculating interest under this Mortgage Contract,
- LIBOR will be another rate of interest which we reasonably decide represents a comparable rate of interest for three-month sterling deposits at or about 11 am (London time) on the LIBOR Setting Date, in each case rounded up to two decimal places.

xxviii) **LIBOR Setting Date**

The last Business Day of January, April, July and October each year, or such other dates as set out in the Offer.

xxix) **Loan**

Aggregate of the Advance, any Additional Borrowing, any Fees and any Expenses that are specified to be added to the Loan from time to time which are secured by the Mortgage.

xxx) **LPA**

Law of Property Act 1925.

xxxi) **Month**

A calendar month.

xxxii) **Monthly Payment**

The payment you must make to us every Month. The amount of the initial payment is set out in the Offer.

xxxiii) **Mortgage**

The security you give us over the Property, as described in the Mortgage Deed, as security for the Outstanding Balance and the Other Debt.

xxxiv) **Mortgage Contract**

The agreement between you and OakNorth for the Loan and shall comprise of any declaration you have provided as part of the Application, these Conditions, the Offer, the Mortgage Deed and any Guarantee.

xxxv) **Mortgage Deed**

The legal document incorporating the Conditions which you signed to give us the Mortgage (and each such document where there is more than one).

xxxvi) **Offer**

A written document from OakNorth wherein we offer you a Loan or Additional Borrowing to be secured by the Mortgage (in each case as amended, varied, replaced or supplemented from time to time). The Offer includes the Offer Terms, any Special Conditions and any Additional Borrowing Offer.

xxxvii) **Offer Terms**

The general terms and conditions attached to the Offer.

xxxviii) **Other Debt**

Any money you owe us in any capacity either on your own or with other people actually or contingently other than the Outstanding Balance (in this instance excluding "Other Debt" from that definition), except for money you owe us under any existing or future agreement regulated by the Consumer Credit Act 1974 which does not provide that agreement is secured by the Mortgage.

xxxix) **Outstanding Balance**

The aggregate amount of all sums that you owe us from time to time including (but not limited to):

- i) any other amount payable under the Mortgage Contract (including but not limited to the Advance and any Early Repayment Fee);

- ii) any Additional Borrowing;
 - iii) Other Debt;
 - iv) unpaid interest; and
 - v) Fees and Expenses.
- xl) **Overpayments**
Any amount you pay which is more than the amount of your Monthly Payment.
- xli) **Payment Date**
The day which you selected on your Application as the date on which you will make the Monthly Payment to us which is between 1st and 20th day (inclusive) in each Month.
- xl ii) **Property**
The property described in the Mortgage Deed (and each and every property where there is more than one) including all buildings, fixtures and additions.
- xl iii) **Special Conditions**
Any special conditions attached to the Offer.
- xl iv) **Standard Variable Rate**
Our standard variable rate of interest relevant to your Mortgage Contract at any time as referred to in the Offer.
- xl v) **Tariff**
Document with all the Fees that are payable.
- xl vi) **Term**
The period of time shown in the Offer which we give you to pay off the Loan.
- xl vii) **Title Insurer**
An insurance company instructed to provide indemnity insurance cover in connection with the legal title to the Property to which we are either (i) a named insured party or (ii) noted on the policy.
- xl viii) **Transfer**
Any sale, transfer, assignment, charge or other disposition (including by way of security).
- xl ix) **Transferee**
Any person who at any time becomes entitled to the benefit of our rights and/or obligations under the Loan, the Mortgage and/or the Mortgage Contract.
- l) **we, us, our, OakNorth**
[OakNorth Bank Plc] (registered in England with company number [08595042]) whose registered office is at [3rd Floor, 57, Broadwick Street, Soho, London W1F 9QS] and any of its Affiliates, Transferees, successors and assigns (whether legal or equitable or beneficial) and any other person who for the time being has the benefit of the Mortgage or our charge over the Additional Security.
- li) **you, your**

The person or persons named as the borrower in the Mortgage Deed and their successors (and also anyone who takes over their legal rights or duties (for example, a personal representative)).

lii) **Valuation**

For the purpose of mortgage lending, a report issued by a valuer which tells us how much the Property is worth.

In the **Conditions**:

- a) words importing the masculine gender shall include the feminine and neutral genders and words importing the singular shall include the plural and vice versa;
- b) where there are two or more persons included in the expression “you” or “your”, obligations and conditions expressed as being by or affecting you shall be held to bind such persons jointly and severally, so that each of you is fully liable to perform the obligations and be subject to the conditions;
- c) any reference to any law or regulation includes any change to or re-enactment of it from time to time in force and all statutory instruments orders and regulations made under it;
- d) a “person” refers to any legal person, including but not limited to individuals and companies; and
- e) the Offer forms part of these Conditions. If the Offer and these Conditions conflict, the terms of the Offer will apply save where stated to the contrary.

Note: Where these Conditions are issued with and referred to in any Additional Borrowing Offer which is made after your first Loan in respect of the Property, the terms and conditions of any existing Mortgage Contract shall automatically be varied and replaced by these Conditions when the Additional Borrowing is made.

Schedule 1

Application of Payments

1. Expenses
2. Fees
3. Early Repayment Fee
4. Interest
5. Capital
6. Other Debt