

# **Legal & General Home Finance**

Lifetime Mortgage Terms and Conditions

**2020 Edition 2**



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## A. INTRODUCTION

This document sets out the terms and conditions that apply to **your Lifetime Mortgage** with us. **You** should read these **Conditions** together with **your Offer of Loan**, the **Mortgage Deed**, the **Your Guide To Early Repayment Charges**, and the **Tariff of Charges**, all of which form part of **your Lifetime Mortgage** with us.

Should there be any inconsistency between the documents referred to above, **we** will give priority to the terms of the **Offer of Loan**, then the **Mortgage Deed**, then the **Your Guide To Early Repayment Charges**, then the **Tariff of Charges** and finally these **Conditions**.

### Property in Scotland

If **your Property** is in Scotland, there are some differences and special **Conditions** that **you** need to know about which are set out in **Condition 27**. If your **Property** is not in Scotland, then **you** do not need to consider **Condition 27**.

### Definitions and interpretation

**You** will find several terms in these **Conditions** which are in bold. This indicates that the term is defined in **Condition 28** (unless it is defined in the relevant **Condition** itself) and has the meaning given to it in that **Condition**. **Condition 29** also describes how **we** interpret these **Conditions**.

When **we** refer to “**you**” or “**your**” in these **Conditions**, **we** are referring to all **Borrowers** together (if there is more than one) and each **Borrower** separately. Should **you** die, become bankrupt or become unable to manage **your** affairs, references in these **Conditions** to “**you**” also include **your** legal representatives, as outlined more fully in **Condition 29**.

### Examples, explanations and introductions

**We** know that legal documentation can sometimes be difficult to understand, and **we** have tried to avoid legal language. Sometimes this hasn't been possible, and **we** have instead included some examples and explanations to help **you** understand the effect of the **Condition**. **We** have also inserted a short introduction to Sections B to H of these **Conditions**, which summarises what that Section is about.

These examples and explanations and the introductory paragraphs to Sections B to H are clearly indicated by the keynote box that they appear in. The examples and explanations and the introductory paragraphs are non-exhaustive and illustrative. **We** have included them to make the **Conditions** themselves easier to understand but it is important to remember that they don't tell **you** everything **you** need to know or cover every possible situation. **You** should always read the examples and explanations and the introductory paragraphs in the context of the entire **Condition** and with the rest of these **Conditions**.

If **you** have any doubts or questions about these **Conditions** or any other document given to **you** in connection with **your Lifetime Mortgage**, **you** should seek independent legal advice.

### Dealing with you and your Lifetime Mortgage

**We** will comply with the Financial Conduct Authority's rules and guidance, and act honestly, fairly and professionally and have regard to your best interests when dealing with **you** and **your Lifetime Mortgage**.

## B. ABOUT YOUR LIFETIME MORTGAGE

This Section B sets out further detail about your Lifetime Mortgage and how it operates, in relation to the interest that is payable and the Charges that you may incur. These Conditions supplement the information about your Lifetime Mortgage in your Offer of Loan. Please pay close attention to the terms of your Offer of Loan, which will prevail over these Conditions.

### 1. Interest applicable to your Lifetime Mortgage

- 1.1 For **Interest Roll Up Lifetime Mortgages** **we** will calculate interest daily on the debit balance shown on **your Account** at the end of that day and **we** will enter this interest in **your Account** on a monthly basis on the last day of each month.
- 1.2 For the purpose of calculating interest payable under the **Interest Roll Up Lifetime Mortgage**, each day shall be treated as 1/365th of a year (or 1/366th of a year in any leap year).
- 1.3 For **Optional Payment Lifetime Mortgages**, on each **Payment Date** **we** will calculate interest in respect of that month based upon the **Interest Rate** and the **Amount Owed** shown on **your Account** and add this interest to the **Amount Owed** as shown on **your Account**.
- 1.4 For the purpose of calculating interest payable under the **Optional Payment Lifetime Mortgage**, each month shall be treated as 1/12th of a year and start on each **Payment Date**.
- 1.5 Interest is charged on a compounding basis which means that interest is charged on all of:
  - (a) the amount of the **Loan**;
  - (b) any **Charges** that are applied to the Account in accordance with **Condition 2**; and
  - (c) any interest which has already been charged and added to the **Account**.
- 1.6 Payments which are credited to **your Account** will, once they are cleared funds, immediately reduce the balance on which interest is charged.
- 1.7 Interest will continue to accrue on the **Amount Owed** at the **Interest Rate** from when the **Loan** was advanced until the **Amount Owed** is fully repaid. This includes the time from when any **Repayment Event** occurs until the **Amount Owed** is fully repaid. It also includes any period before and, so far as allowed by law, after:
  - (a) any court order **we** obtain requiring payment; or
  - (b) any other action that **we** take when exercising our powers in connection with the **Lifetime Mortgage** and/or the **Property**, until the **Amount Owed** is fully repaid.

### 2. Charges you must pay

#### Types of Charges

- 2.1 **Your Offer of Loan** sets out a number of fees (known as **Charges**) which are part of the cost for **your Loan** and are incurred prior to **Completion**. Separately there are a number of **Charges** which may arise throughout the life of **your Lifetime Mortgage**.

2.2 We will tell you when you have incurred a Charge. You must pay us our Charges. Where we are able, we will set out the amount of the Charges in our Tariff of Charges. Where we are unable to state the amount of the Charge in advance (because, for example, we incur external costs), we will charge a reasonable amount together with the amount of any external costs which we may incur.

2.3 We may apply Charges in the operation and administration of your Account. The amount of these Charges will be set out in our Tariff of Charges. Examples include (but are not limited to):

- where you ask us to provide a document or a service in connection with the Lifetime Mortgage, whether to you or anyone else;
- a change of ownership if you wish to add or remove a joint owner;
- changes affecting legal title to the Property;
- releasing part of our security under the Lifetime Mortgage; and
- where you wish to transfer your Lifetime Mortgage to another property.

2.4 We may reasonably incur Charges in order to safeguard our security, which you must repay to us. This includes Charges we reasonably incur because you fail to fulfil an obligation you have under the Lifetime Mortgage. Where you fail to fulfil an obligation under the Lifetime Mortgage and we incur Charges as a result, we will reasonably calculate any Charges (in respect of our mortgage lending activities as a whole) payable by you.

2.5 Examples of circumstances where we may incur such Charges include:

- any legal proceedings and any associated costs relating to the Lifetime Mortgage;
- exercising any of the rights or powers given to us by law or the Lifetime Mortgage;
- recovering any of the Amount Owed;
- doing anything you are obliged to do under the Lifetime Mortgage but fail to do (such as insuring or repairing the Property);
- taking action when there is an Event of Default; and
- protecting or preserving our security.

2.6 Where Charges are incurred because you have not complied with the terms of your Lifetime Mortgage, any action taken by us or on our behalf to protect our security does not stop you being in breach. Similarly, your repayment of the Charge, or the addition of the Charge to the Amount Owed, does not stop you being in breach.

**Example:** If you fail to insure the property as you are required to do in these Conditions, you will be in breach. We may take action to insure the property on your behalf. The costs of doing so will be Charges. Even though the property will be insured, it does not mean that you are no longer in breach of these Conditions.

### Failure to repay a Charge

2.7 If you do not pay a Charge within 10 days of the relevant due date (which we will tell you) then we may at our discretion add the Charge to the Amount Owed on your Account. Where we add Charges to the Amount Owed, we will charge interest on them. This interest will then be added to the Amount Owed each month. Where there is more than one Interest Rate on your Account, we will apply the Charge to the Loan which incurs interest at the lowest Interest Rate (unless the Charge relates specifically to one Loan in particular, in which case we will apply the Charge to that Loan and the Interest Rate applicable to that Loan will apply).

### Changes to Charges

2.8 We may introduce any change that abolishes a Charge or reduces the amount of an existing Charge with immediate effect and without giving you advance notice. We may increase or add to the Charges set out in our Tariff of Charges from time to time for any one or more of the following reasons (which may relate to circumstances existing at the time or which we reasonably expect to apply in the future):

- (a) to respond, reasonably, to changes in our costs of funding that impact on the particular product or service we provide to you, including:
  - (i) where we make changes to our technology or other systems relating to the particular product or service, we provide to you;
  - (ii) where we are required to meet changes in the law and/or regulatory requirements, or to meet changes in the interpretation of any existing law and/or regulatory requirement; and
  - (iii) where appropriate, where we are required to meet changes in the decisions or recommendations of an ombudsman or regulator, or any code of practice, which is or are applicable to the conduct of our business; and
- (b) to correct mistakes if it is reasonable to do so.

2.9 Unless it is not reasonably practicable for us to do so, where we increase or add to the Charges in the Tariff of Charges, we will give you at least 30 days' written notice of the change to the Tariff of Charges. We will also ensure that the change is proportionate to the underlying reason for the change. We will provide you with the latest Tariff of Charges at least once a year and it will also be available on our website.

2.10 Unless it is not reasonable for us to do so, we will tell you before taking any action which incurs a Charge.

## 3. Additional borrowing and drawdowns

3.1 Your Offer of Loan sets out the circumstances in which you may apply for additional borrowing.

3.2 Your Offer of Loan sets out if you have a Drawdown Facility. If you do, your Offer of Loan also sets out the circumstances in which you may make a Drawdown. You may not be able to make a Drawdown if you have breached the Lifetime Mortgage and have failed to remedy that breach.

## 4. No Negative Equity Guarantee

- 4.1 **Your Offer of Loan** sets out the **No Negative Equity Guarantee** which applies to **your Lifetime Mortgage**, subject to **Conditions** 4.2 and 4.3 below.
- 4.2 The **No Negative Equity Guarantee** does not apply if **you** decide to repay the **Amount Owed** early unless **you** do so by a sale of the **Property** in accordance with **Condition** 12.
- 4.3 If **you** breach the **Lifetime Mortgage** terms and **we** incur costs and **Charges** in remedying this breach (for example, if **you** do not insure or repair the **Property** properly), the **No Negative Equity Guarantee** will not extend to cover those costs and **Charges**. This includes any interest which has accrued on those costs and **Charges**.

**Explanation:** Condition 2 sets out some examples of when you may incur a Charge. If you fail to pay the Charge to us, we will add it to the Amount Owed and interest will be charged on it. The amount of the interest could be significant, especially if it is left unpaid for a long time. Because the No Negative Equity Guarantee does not apply to the unpaid Charge and the interest on it, there could be an amount (equal to the Charge and the interest) that you or your estate has to pay to us even after your Property has been sold.

## C. WHAT YOU NEED TO DO DURING THE LIFE OF YOUR LIFETIME MORTGAGE

This Section C sets out some important responsibilities that you have in relation to your Lifetime Mortgage. It contains important Conditions relating to the Property. If you do not meet your responsibilities, you will be in breach of these Conditions. It is important that you take the time to understand and become familiar with your responsibilities.

### 5. Your obligation to repay

- 5.1 **You** must pay to **us** the **Amount Owed** in the manner and at the time(s) set out in the **Offer of Loan** and these **Conditions**.

### 6. Your other obligations

#### Things you must do

- 6.1 Throughout the life of **your Lifetime Mortgage** **you** must:
- (a) unless agreed with **us**, only use the **Property** as a private residence and as **your Main Residence**. If **we** ask **you** to do so, **you** must promptly confirm to **us** in writing that this remains the case;
  - (b) maintain the **Property** in a state which **we** consider is a state of good and substantial repair and condition. **We** will act reasonably when deciding if the **Property** is in a state of good and substantial repair and condition. Where the **Offer of Loan** includes a requirement that repairs are undertaken or building works are completed before **we** advance any **Loan** to **you**, **you** must ensure these repairs and/or works are undertaken and completed in accordance with the requirements in the **Offer of Loan**;
  - (c) observe and perform all legal restrictions, conditions and obligations affecting the **Property** or its use, including those in any lease relating to the **Property**;

**Example:** Your Property may be subject to a legal restriction not to build anything in your garden or a condition to maintain a fence in a certain position. Where your property is leasehold, your lease of the property may include restrictions against keeping pets or playing loud music or a condition to ask your landlord for consent before you carry out any works to your property. There are other examples which are not included here. In each case, you would need to make sure you comply with the legal restriction, condition or obligation. These are limited examples, and you should consider documents relating to your Property such as your lease together with these Conditions to ensure that you are complying.

- (d) punctually pay all rates, taxes, rents, outgoings and charges payable in respect of the **Property**;
  - (e) comply in all respects with all legislation (including those relating to planning and environmental matters) and all requirements and regulations of local authorities and any other authorities which apply to the **Property**;
  - (f) promptly give **us** any information about the **Property** which **we** may reasonably ask for;
  - (g) provide **us** with a copy of any notice, order or proposal concerning the **Property**. **You** must do so within 7 days of receiving it. **We** may ask **you** to respond to it and **you** must make all statements which **we** reasonably ask **you** to make. Unless **we** tell **you** otherwise, **you** must take all reasonable and necessary steps to comply with the notice, order or proposal; and
- Example:** One example of such a notice is where you may receive a letter from your local authority informing you of a breach of building regulations in relation to your property or about new road proposals affecting your property.
- (h) where the **Property** is leasehold, inform **us** of any notice served under any of the **Leasehold Reform Acts** in relation to the **Property**. **You** must do so within 4 Working Days of the notice being served. If **we** request **you** to do so, **you** must also execute in **our** favour a legal mortgage of the freehold, or any superior lease or any new lease, which **you** obtain. The legal mortgage must be in a form that **we** reasonably require.

The **Leasehold Reform Acts** mean the Leasehold Reform Act 1967 and the Leasehold Reform, Housing and Urban Development Act 1993.

**Explanation:** The Leasehold Reform Acts contain rights for tenants of long leases in certain circumstances to obtain an extension to their lease and/or to acquire the freehold. If you exercise any rights under these Acts (for example, by serving a notice on your landlord requesting a lease extension), you must inform us about this and inform us about correspondence you receive from your landlord. If you acquire the freehold, any superior leasehold title or any new lease, we may ask you to sign a new form of legal mortgage in order to protect our security interest in the Property.

## Things you must not do

- 6.2 Throughout the life of **your Lifetime Mortgage** you must not do (or allow anyone else to do) any of the following without **our** prior written consent (which **we** will act reasonably in granting or refusing):
- (a) make any structural or material alteration or addition to the **Property**;
  - (b) make any change in the use of the **Property** which would require planning permission or approval under any building regulations;
  - (c) apply for any improvement or similar grant in respect of the **Property**;
  - (d) move out of the **Property**;
  - (e) sell or create any lease or tenancy over all or any part of the **Property** (see Section D for more information);
  - (f) grant or allow any right over all or any part of the **Property**;
  - (g) allow someone to move into the **Property** (see Section D for more information); or
  - (h) create or allow to exist any other mortgage, standard security or charge on the **Property** except for the charge created by the **Mortgage Deed**.

## 7. Your obligation to insure the Property

- 7.1 **You** must keep the **Property** insured throughout the life of **your Lifetime Mortgage** against all risks against which it is usual to insure properties of a similar type and location. These risks include (but are not limited to) fire, subsidence, flood, escape of water, storm and any other risks as **we** may from time to time reasonably require or agree. **Your Offer of Loan** may set out additional requirements in this respect, which **you** must comply with.
- 7.2 It is **your** responsibility to make sure that the amount of insurance and risks covered are adequate. **We** consider that the amount of insurance is adequate if it covers the full reinstatement value of **your Property** or, if it is a higher amount, the market value of **your Property**. When considering if the risks covered by **your** insurance policy are adequate, **we** will take into account the nature and location of **your Property**.
- 7.3 It is also **your** responsibility to pay the insurance premiums on time. **We** may ask **you** to provide to **us** copies of **your** insurance policy document(s) and/or evidence of **your** premium payments. Where **we** ask **you** to do so, **you** must provide the copies to **us** promptly to demonstrate that **you** have adequate insurance in place.
- 7.4 If **you** fail to insure the **Property**, or if **you** fail to provide copies of **your** policy document(s) and premium receipts to **us** within a reasonable period of time, **we** may ourselves insure the **Property** and recover all reasonably incurred costs of doing so from **you**. These costs will be **Charges** that **you** must pay and will be applied in accordance with **Condition 2**.
- 7.5 **You** will not do, or allow anyone else to do, anything which may make the insurance of the **Property** invalid.
- 7.6 Subject to the rules of the Financial Conduct Authority, **we** may accept and retain commission or other non-monetary benefits in respect of insurance policies that are put in place through any of **our** agency arrangements.

- 7.7 **You** must use any monies which become payable under **your** buildings insurance policy to repair or reinstate the **Property**, or if **we** agree to it, the monies must be used to reduce or repay the **Amount Owed**. If there has been significant loss or damage to the **Property**, **we** may instruct **your** insurance company to pay all claims money directly to **us**, but if the claims money is paid to **you**, **you** will hold it on trust for **us**.

## 8. Environmental Notices

- 8.1 An **Environmental Notice** means any notice in respect of any contamination or pollution issued under any environmental legislation which relates to the **Property** or any neighbouring property.

**Explanation:** An Environmental Notice is likely to be a letter from your local authority or the Environment Agency informing you that they have concerns about contamination in the ground within your property or a neighbouring property.

- 8.2 Regardless of any other provision in the **Lifetime Mortgage**:

- (a) **we** are entitled to carry out any works ourselves or require any works to be carried out where such works are required either to comply with an **Environmental Notice** or to remedy any circumstances which could lead to the issue of an **Environmental Notice**;
- (b) **you** will immediately notify **us** if an **Environmental Notice** is issued, or if **you** become aware of any circumstances which may lead to the issue of an **Environmental Notice**. In either case, **you** will provide written details to **us** of the steps **you** intend to take to remedy the circumstances or comply with the **Environmental Notice**;
- (c) **you** will permit **us** to inspect the **Property** at any reasonable time (and, where practicable, upon reasonable prior notice) in connection with an **Environmental Notice** or in circumstances which **we** reasonably consider may lead to the issue of an **Environmental Notice**. The inspection of the **Property** may include taking samples or making trial pits or boreholes; and
- (d) **you** will not create or allow any circumstances which could lead to the issue of an **Environmental Notice**.

## D. CHANGES TO YOUR CIRCUMSTANCES

During the life of your Lifetime Mortgage, your circumstances may change. This Section D sets out what you must and must not do if you wish to move home, move occupiers into your home, let your home or sell your home. See Section E in relation to repaying your Lifetime Mortgage.

## 9. Moving home

- 9.1 **Your Offer of Loan** sets out the circumstances in which **you** may transfer **your Lifetime Mortgage** to a new property when **you** move home. However, **you** must tell **us** in advance and **we** must give our consent before **you** can transfer **your Lifetime Mortgage** to **your** new property.

9.2 If **you** are unable to transfer **your Lifetime Mortgage** to **your** new property (for example, because **your** new property does not satisfy **our** eligibility criteria), the **Amount Owed** must be repaid to **us** upon the sale of the **Property** (as set out in **Condition 13**). The sale of the **Property** may result in **you** having to pay an **Early Repayment Charge**, depending on the circumstances of the sale (see **Condition 14** and your **Offer of Loan** for more information). Where **our Downsizing Protection benefit** applies, no **Early Repayment Charge** will be payable, as explained in your **Offer of Loan**.

## 10. Moving others into the Property

10.1 Your **Offer of Loan** sets out **our** requirements if **you** intend to allow any person to move into or occupy the **Property**, even if **you** do not intend for that person to be added to the **Lifetime Mortgage**. **You** must not allow any other person to move into or occupy the **Property** before complying with those requirements.

10.2 We may in some circumstances, agree for an additional borrower to be added or removed from **your Lifetime Mortgage** but **we** are not obliged to do so. **You** must contact **us** if **you** wish to apply to make changes to the title to the **Property**.

## 11. Letting the Property

11.1 **You** may not without **our** prior written consent:

- (a) grant or renew (or agree to grant or renew) any lease or tenancy of the **Property** or licence to occupy the **Property**; or
- (b) part with or share possession of the **Property**.

We may impose reasonable conditions upon any consent **we** give.

11.2 The statutory power of a mortgagor to lease, agree to lease and accept surrenders of leases will not apply to the **Lifetime Mortgage**.

**Explanation:** This means that you cannot lease or let your **Property** without our consent.

## 12. Selling the Property

12.1 If **you** decide or are required to sell **your Property** during the life of **your Lifetime Mortgage**, **you** will be responsible for all costs and expenses involved in selling the **Property**.

12.2 **You** must give **us** prior written notice of **your** intention to sell the **Property** before putting the **Property** up for sale. **You** must also provide **us** with any information that **we** reasonably require in connection with the sale, including the price at which you propose to sell the **Property** (which is referred to in these **Conditions** as the **Proposed Sale Price**). **You** must ensure that vacant possession is given when the sale is completed, meaning all occupants must leave the **Property** by the day of completion of the sale.

12.3 Before **you** agree to sell **your** **Property**, **we** will reasonably estimate in good faith the **Net Sale Proceeds** that will be available on completion of the sale to repay the **Amount Owed** on the basis of the **Proposed Sale Price**.

12.4 If **our** estimate indicates the **Net Sale Proceeds** will not be enough to repay the **Amount Owed** (taking into account any **Protected Percentage** where **you** have an **Inheritance Protection Option**), **we** may instruct a valuer to value the **Property**. If the valuation indicates a value which is higher than the **Proposed Sale Price**, **we** can insist that the **Property** is sold for no less than this value (the '**Valuation Price**').

12.5 If **we** instruct a valuer, the valuer's fees will be **Charges** that **you** must pay, which will be applied in accordance with **Condition 2**.

12.6 No sale of the **Property** may occur for less than the **Proposed Sale Price** (or, if there is one, the **Valuation Price**) without **our** prior written consent. **We** will not withhold **our** consent if it is shown to **our** reasonable satisfaction that the sale is at the best price reasonably obtainable. As an alternative to giving consent **we** may purchase the **Property** ourselves at a price equal to the highest genuine offer received.

12.7 If **you** sell the **Property** and are required to repay **your Lifetime Mortgage**, **you** may have to pay an **Early Repayment Charge** depending on the circumstances of the repayment. **Your Offer of Loan** sets out the details of the **Early Repayment Charge**.

## E. REPAYING YOUR LIFETIME MORTGAGE

Your Lifetime Mortgage is designed to last for your lifetime and is repayable when you (or, if borrowing jointly, both of you) die or move out of your home into long term care. However, there are other circumstances when your Lifetime Mortgage must be repaid to us. You may also wish to repay the Lifetime Mortgage early. This Section E contains Conditions relating to the repayment of your Lifetime Mortgage debt.

### 13. Repaying your Lifetime Mortgage when a Repayment Event occurs

#### Repayment Event

13.1 **We** must be immediately informed if a **Repayment Event** takes place or any event occurs which is likely to result in a **Repayment Event** taking place.

A "**Repayment Event**" means the occurrence of any of the following:

- (a) the death of the borrower (or, if joint borrowers, the last surviving of **you** dies);
- (b) the borrower's entry into **Long Term Care** (or, if joint borrowers, the last surviving of **you** goes into **Long Term Care**);
- (c) the **Property** is sold;
- (d) the **Property** is no longer used as **your Main Residence** (or, if joint borrowers, the last surviving of **you** ceases to use the **Property** as his or her **Main Residence**); and
- (e) any **Event of Default** occurs.

13.2 Where the **Repayment Event** falls within parts (a) or (b) of **Condition 13.1** above, the **Amount Owed** must be repaid to **us** within 12 months of the date of that **Repayment Event**. If **you** need to sell the **Property** in order to repay the **Amount Owed**, **you** must make reasonable efforts to sell the **Property** as quickly as **you** reasonably can after that **Repayment Event**. If the **Amount Owed** is not repaid to **us** within this 12-month period, this will be an **Event of Default**. **We** can request earlier repayment from **you** if in **our** reasonable opinion the value of the **Property** is either:

- (a) less than the **Amount Owed**; or
- (b) likely to be less than the **Amount Owed** in the 12-month period following the **Repayment Event**.

If this is the case, **we** can give **you** notice to this effect at any time after the **Repayment Event**, in which case **you** must repay the **Amount Owed** to **us** (adjusted, if applicable, according to **Condition 5** and **Condition 13.7**) immediately following the date **we** give **you** that notice or, if a different date is specified in that notice, by the date specified.

- 13.3** Where the **Repayment Event** falls within parts (c), (d) or (e) of **Condition 13.1** above, the **Amount Owed** (as adjusted by **Conditions 5** and **13.7**) must be repaid to **us** and shall immediately become due and payable.
- 13.4** Any sale of the **Property** by **you** following a **Repayment Event** must be undertaken in accordance with **Condition 13**.
- 13.5** Once the **Amount Owed** becomes payable, **we** may exercise certain powers in order to protect **our** rights and interests. These powers are set out in **Section F** below.
- 13.6** Following any **Repayment Event**, **you** must continue to comply with the obligations in the **Lifetime Mortgage** (including, but not limited to, the requirements set out in **Conditions 6** and **7** about what **you** must and must not do in connection with the **Property**).

#### Net Sale Proceeds

- 13.7** If the **Net Sale Proceeds** from a sale of the **Property** are less than the **Amount Owed** (taking into account any **Protected Percentage**), **we** will inform **you** of the shortfall but **you** will not have to repay the shortfall to the extent that the **No Negative Equity Guarantee** applies. This **Condition 13.7** only applies if **you** have complied with:
- (a) the requirements in **Condition 12** about selling **your Property**; and
  - (b) the remainder of this **Condition 13**.
- 13.8** If any **Repayment Event** occurs and **we** reasonably consider that the **Net Sale Proceeds** will be insufficient to repay the **Amount Owed**, **we** may spend such amounts of money as **we** reasonably see fit to make the **Property** more marketable. **We** may also incur independent surveyors' fees on or following the **Repayment Event** to establish whether insufficient money will arise from the sale of the **Property** to repay the **Amount Owed**. All such amounts and fees will be **Charges** that **you** must pay, which will be applied in accordance with **Condition 2**.
- 13.9** **Net Sale Proceeds** will be used firstly towards payment of the **Amount Owed**. Where the **Net Sale Proceeds** obtained from a sale of the **Property** exceed the **Amount Owed**, **we** will inform **you** of the surplus amount, which will be reimbursed to **you** or **your** legal representative(s) for **your** benefit or the benefit of **your** estate or any subsequent chargee (as the case may be).

#### 14. How to repay your Lifetime Mortgage early

- 14.1** Subject to **Condition 15.1** below, **you** may repay **your Lifetime Mortgage** by repaying the **Amount Owed** early in accordance with the terms of the **Offer of Loan**.
- 14.2** **Your Offer of Loan** sets out the details of the **Early Repayment Charge** which **you** may have to pay in certain circumstances if **you** repay **your Lifetime Mortgage** early.

#### 15. General repayment conditions

- 15.1** If **you** choose to repay or must repay the **Lifetime Mortgage**, **you** must at the same time repay every other mortgage, standard security or charge which **we** then hold from **you**. Section 93 of the **LPA 1925** shall not apply to the **Lifetime Mortgage**.

**Explanation:** This means that if you hold more than one mortgage with us you will need to repay all of them at the same time.

- 15.2** Where **you** have more than one **Loan** with **us**, **we** will decide which **Loan** to allocate **your** payments to.

#### 16. When we can retain or reinstate your Lifetime Mortgage

- 16.1** Once the **Amount Owed** is repaid in full to **us**, **we** will release the security constituted by the **Lifetime Mortgage**, subject to **Condition 15.1**, **Condition 16.2** and **Condition 16.4**.
- 16.2** **We** may retain any security granted in respect of the **Lifetime Mortgage** for a period of up to 3 months after the **Amount Owed** is repaid and all **your** obligations and liabilities to **us** are satisfied or discharged. If during such 3 month period any bankruptcy proceedings are started against **you** or any bankruptcy order is made against **you** (or any other person that makes payment of, or discharges, **your** obligations and liabilities to **us**), **we** may retain the security for a further period, as **we** determine (acting reasonably).
- 16.3** **Our** right to retain any security in accordance with **Condition 16.2** is conditional upon us receiving professional advice that there is a reasonable risk that:
- (a) the repayment and discharge of the **Amount Owed** may be invalidated, reinstated or clawed-back upon a bankruptcy order being made against **you** or upon bankruptcy proceedings being started against **you** during the 3-month period referred to in **Condition 16.2**; and
  - (b) upon such reinstatement, invalidation or clawing-back of the **Amount Owed** becoming effective, the security for the **Lifetime Mortgage** is not automatically reinstated or re-granted in **our** favour.
- 16.4** Any release, discharge or settlement of the **Lifetime Mortgage** between **you** and **us** shall be conditional upon no payment, disposition or assurance made to **us** or any security constituted by the **Lifetime Mortgage** being declared void, or being set aside or being ordered to be refunded for any reason after **we** have released the security constituted by the **Lifetime Mortgage**. If such condition is not satisfied, **we** may subsequently enforce this **Lifetime Mortgage** as if the release of security had not occurred and any such payment, disposition or assurance had not been made. **We** may concede or compromise any claim that any such security, disposition, assurance or payment is liable to avoidance or repayment without prejudice to our rights under this **Lifetime Mortgage**.

**Example:** If you become bankrupt shortly after you repay the Lifetime Mortgage and there is a claim by the trustee in bankruptcy for us to return to the trustee in bankruptcy the amount that you had repaid to us (so we would no longer hold the amount paid), we may reinstate our security over the Property and treat the Lifetime Mortgage as if it had not been repaid.

## F. OUR POWERS IN CONNECTION WITH YOUR LIFETIME MORTGAGE AND YOUR PROPERTY

This Section F sets out the rights and powers from which we benefit in connection with your Lifetime Mortgage. It includes additional Related Rights which you assign to us, and the rights and powers of a property receiver that we may appoint in connection with your Lifetime Mortgage. It also includes our appointment as your attorney (although this is not the same as a lasting power of attorney).

### 17. Our powers

17.1 For the purposes of the **LPA 1925** the mortgage money will be treated as due, and the statutory power of sale (as extended by these **Conditions**) and the other powers contained in section 101 of the **LPA 1925** will arise, one (1) month after the date of **Completion**.

**Explanation:** Under legislation, mortgage providers (including us) are given certain powers relating to the mortgage, including the ability to sell the mortgaged property when the mortgage money becomes due.

17.2 The statutory power of sale applies to the **Lifetime Mortgage** free from the restrictions in section 103 of the **LPA 1925**.

**Explanation:** Section 103 of the LPA 1925 sets out various circumstances when we can exercise the statutory power of sale referred to in Condition 17.1. This Condition 17.2 excludes section 103, meaning we are not restricted to exercising our powers only in those circumstances contained in section 103, but also in other circumstances (but always in accordance with these Conditions).

17.3 Regardless of any other provisions of these **Conditions**, the **Amount Owed** shall immediately become due and payable on demand if any **Event of Default** occurs.

17.4 **We** (or a third party acting on **our** behalf) may enter the **Property** to carry out repairs if the **Property** is not being adequately maintained. The **Offer of Loan** sets out **our** rights in this regard. No exercise of any such right shall make **us** liable as a mortgagee in possession.

**Explanation:** If a mortgage provider takes physical possession of the mortgaged property, it will be known as a "mortgagee in possession", which means the mortgage provider incurs certain liabilities in relation to the mortgaged property. This Condition means that the statutory requirements and liabilities of a "mortgagee in possession" will not apply to us if we carry out repairs if your property is not being adequately maintained.

17.5 At any time after the **Amount Owed** has become due and payable, **we** may (without previous notice to or agreement from **you**):

- (a) take possession of the **Property**;
- (b) appoint one or more persons to be a receiver of all or any part of the **Property**;

**Explanation:** We can appoint someone (who may be a third party) named a "receiver" to act on our behalf in connection with your Mortgage. If a receiver is appointed, they would have various powers (including those listed in Conditions 17.6 and 18, as well as others), such as the ability to sell the **Property** and use the proceeds of sale to repay the Mortgage.

- (c) sell the **Property** (whether or not **we** have taken possession); and/or
  - (d) exercise all the other powers given to mortgagees by the **LPA 1925**.
- 17.6 At any time after the **Amount Owed** has become due and payable, **we** or any receiver appointed by **us** may:
- (a) carry out repairs, renewals or improvements to the **Property**;
  - (b) carry out any building or development works on the **Property**;
  - (c) apply for and obtain any appropriate planning or other consents and approvals in respect of the **Property**; and/or
  - (d) exercise the statutory powers of leasing or accepting surrenders of leases without the restrictions imposed by law, including those contained in sections 99 and 100 of the **LPA 1925**,

**Explanation:** Sections 99 and 100 of the LPA 1925 give lenders the right to lease a property of which they have taken possession after the borrower's default if those leases meet certain conditions (for example, in relation to their term and the rent). These restrictions are excluded so that if we take possession, we can lease the property or accept a surrender of an existing lease without any restrictions.

in each case, as **we** or the receiver may in **our** or his/her discretion reasonably think fit. No exercise of any such rights shall incur any liability (either to **you** or any other person) or make **us** liable as a mortgagee in possession.

**Explanation:** If we (or a receiver appointed by us) exercise the rights set out in this Condition 17.6, neither of us will be treated as a "mortgagee in possession" and the statutory requirements and liabilities of a "mortgagee in possession" will not apply to us.

17.7 After taking possession of the **Property** **we** or any receiver appointed by **us** may, as **your** agent and at **your** expense (as a **Charge** which **you** must pay, which will be applied in accordance with **Condition 2**), remove, store, sell or otherwise deal with any goods or animals which **you** have not removed from the **Property**. **We** will not be responsible for any loss caused by **our** so doing. **We** will account to **you** for all proceeds received, either by paying such amount to **you** or setting it off against the **Amount Owed** (at **our** discretion), but **we** will deduct all expenses that **we** reasonably incur in dealing with the goods and/or animals. If the proceeds received are less than the expenses **we** reasonably incur, the remainder of the expenses will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 2**.

17.8 If **we**, or a receiver appointed by **us**, enters into possession of the **Property**, **we** or that receiver may at any time give up possession. If **we** decide to give up possession, **we** will tell **you** as soon as possible.

17.9 Neither **we** nor any receiver shall be liable, by reason of entering into possession of the **Property** or for any other reason, to account as mortgagee in possession in respect of all or any of the **Property**, nor shall **we** or any receiver be liable for any loss on realisation of, or for any act, neglect or default of any nature in connection with, all or any part of the **Property** for which a mortgagee in possession might be liable as such.

17.10 No exercise of **our** rights under this **Lifetime Mortgage** (including where a receiver appointed by **us** exercises those rights) shall make **us** or the receiver liable as a mortgagee in possession in respect of all or any part of the **Property**.

**Explanation:** If we (or a third party acting on our behalf) carry out repairs at your property, neither of us will be treated as a "mortgagee in possession" and the statutory requirements and liabilities of a "mortgagee in possession" will not apply to us.

17.11 When **we** and any receiver appointed by us exercise **our** or his/her powers under this **Lifetime Mortgage**, **we** may engage and pay third parties to assist **us**. These third parties will be acting on **your** behalf as **your** agents and **you** will be responsible for their fees at such rates as **we** or the receiver may reasonably agree. The remuneration will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 2**. If **we** appoint a third party, **we** may revoke the appointment of that third party at any time, and any receiver may do likewise. **We** will tell **you** if the third party's appointment is revoked.

17.12 **We** may revalue the **Property** at any time during the lifetime of the **Lifetime Mortgage**. If it is necessary for the valuer to enter the **Property** to conduct the valuation, **we** will give **you** reasonable notice and **you** must permit this. Any revaluation under this **Condition 17.12** shall be at **our** expense.

## 18. Rights of a property receiver appointed by us

**Explanation:** We can appoint someone (who may be a third party or may be one of our employees) named a "receiver" to act on your behalf in connection with your Lifetime Mortgage. If a receiver is appointed, they would have the same powers as we do. Condition 18 sets out more information regarding receivers.

18.1 A receiver appointed by **us** shall have all the powers conferred:

- (a) on mortgagees and/or receivers by the **LPA 1925** (but without the restrictions contained in sections 103 and 109 of that Act); and
- (b) on administrative receivers by the Insolvency Act 1986 Schedule 1, except to the extent that any of these powers are expressly or impliedly excluded by the **Mortgage Deed** or these **Conditions**. In the event of ambiguity or conflict, the terms of the **Mortgage Deed** will prevail, followed by these **Conditions**.

**Explanation:** Under legislation, mortgage providers (including us) and receivers that we appoint are given certain powers relating to the mortgage, including the ability to sell the mortgaged property when the mortgage money becomes due. This Condition 18.1 confirms that a receiver that we appoint will be able to exercise those statutory powers, unless these Conditions say otherwise.

18.2 **We** or any receiver appointed by **us** shall also have power on **your** behalf and at **your** expense, and regardless of **your** bankruptcy, death or insanity, to do or omit to do anything which **you** could do or omit to do in relation to the **Property**. This includes (without limitation) a right for **us** and any receiver to:

- (a) take possession of the **Property** and for this purpose to take, defend, discontinue or compromise any proceedings as **we** or they think fit;
- (b) generally manage the **Property** including collecting and receiving rents, arranging necessary repair and maintenance of the Property, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances and serving notice under relevant housing legislation;
- (c) without restriction, sell the **Property** (whether or not **we** have taken possession) for a price and on terms as **we** think fit;
- (d) without restriction, lease or sublease (as appropriate) the **Property**, vary, assign, renew, terminate, surrender or accept surrenders of leases, tenancies or licences over the **Property** for a price and on terms and for rent and payment as we think fit without the restrictions imposed by law, including those contained in sections 99 and 100 of the **LPA 1925**;
- (e) sell any freehold or leasehold reversions created over the **Property**;
- (f) exercise, on **your** behalf and without having to give **you** prior notice or obtain **your** consent, all the powers and duties conferred on a landlord by law from time to time without having any liabilities or responsibilities to **you** as a result of doing so; and/or
- (g) take and do any other acts and things **we** or the receiver:
  - (i) consider desirable or necessary for protecting **our** security constituted by the **Lifetime Mortgage** or for realising the value of the **Property** or any part of it;
  - (ii) consider incidental or conducive to any of the rights or powers conferred on a receiver under or by virtue of these **Conditions** or law; or
  - (iii) lawfully may do as **your** agent.

**Example:** The receiver would have power (amongst other examples above) to commence or complete building works at the Property (for example, if the fence in the garden is damaged a receiver would have the power to repair it).

18.3 The receiver may incur costs in exercising his/her rights and powers under the **Lifetime Mortgage** and may charge such amount for his/her fees as **we** reasonably agree with him/her. The receiver will be an agent acting on **your** behalf and **you** will be responsible for his/her fees. These costs and fees will be **Charges** that **you** must pay, which will be applied in accordance with **Condition 2**.

18.4 **We** may remove any receiver appointed by **us** at any time. **We** may also appoint a new receiver, either instead of or as well as any existing or former receiver. **We** will give you written notice if **we** do so.

18.5 We may appoint any one or more persons to be a receiver of all or any part of the **Property**. If there is more than one receiver appointed by **us** in connection with the **Property**, each receiver may exercise individually all of the powers conferred on a receiver under the **Lifetime Mortgage** and to the exclusion of the other receiver or receivers (unless the document appointing such receiver states otherwise).

18.6 Any receiver appointed by **us** may be one of **our** employees or may be a third party.

18.7 Section 109(8) of the **LPA 1925** shall be amended so as to allow a receiver to pay any money owing by **you** in such order of priority as he/she thinks fit.

**Explanation:** Section 109(8) allows a receiver to choose the order in which debts are paid. The receiver can decide to pay his/her fees before repayment of your Lifetime Mortgage debt should he/she choose to do this. You will be responsible for paying these fees, as set out in Condition 18.3.

## 19. Related Rights

**Explanation:** Related Rights are rights that may arise in connection with your Property. One example is where you have any construction work carried out on the Property and the builder gives you a warranty or guarantee in relation to the work. This Condition 19 means that we may benefit from that warranty or guarantee. The list of Related Rights is set out in Condition 19.1 below.

19.1 **Related Rights** means:

- (a) any option to purchase the freehold or superior leasehold or a new lease of the **Property**;
- (b) any right to acquire further or additional shares or interests in the **Property** which are included in, or otherwise granted to **you** in, a shared ownership lease (or any documentation supplemental to or associated with such lease);
- (c) any right to receive money which becomes payable in respect of the **Property** or following any damage to or depreciation of the **Property**, including money payable for mining subsidence or compulsory purchase;
- (d) any share or membership rights in a residents' association, common hold association or management company relating to the **Property**;
- (e) any guarantees or insurances relating to the **Property** including guarantees for work done to the **Property**; and
- (f) any other benefit or right of any kind relating to the **Property** or its construction or title.

19.2 As further consideration for the **Loan you** assign **your** rights in and the benefit of the **Related Rights** to **us** and agree that **we** have full power to enter the **Property** and to exercise and deal with all the **Related Rights** as being absolutely and beneficially entitled to them.

19.3 If **you** receive any money in respect of any **Related Rights you** will hold this on trust for **us** to use in accordance with **Condition** 19.4 below.

19.4 Any proceeds of the **Related Rights**, after deducting all costs reasonably incurred by **us** in dealing with the **Related Rights**, will be applied in reducing the **Amount Owed**, and any surplus will be paid to **you** or any other person who is entitled to the surplus.

## 20. You appoint us as your attorney

20.1 As security for **your** obligations under the **Lifetime Mortgage** you irrevocably appoint **us**, and any receiver appointed by **us**, together and individually to be **your** attorney in **your** name and on **your** behalf to do all things set out in **Condition** 20.2 below. The attorney will be legally entitled to act on **your** behalf.

**Explanation:** This power of attorney means we (and any receiver we have appointed) are legally entitled to act on your behalf and able to sign documents relating to the Property or the Mortgage on your behalf at any time if we think it is necessary or desirable to protect our interests. This is not the same as a lasting power of attorney. The power of attorney only relates to the matters set out in Condition 20.2 below.

20.2 Under the power of attorney, **we** may execute and deliver any deed or document, exercise any rights or powers which **you** have in respect of the **Property** or the **Related Rights** and do anything else which **we** or the receiver think necessary or desirable to:

- (a) protect **our** security under the **Lifetime Mortgage**;
- (b) exercise any powers contained in the **Lifetime Mortgage**; or
- (c) preserve the **Property** or the **Related Rights** (and their value).

**Example:** One example of how we may use the power of attorney is to appoint builders on your behalf if we have concerns that you are not keeping the property in good repair.

20.3 **We** (or a receiver appointed by **us**) may delegate the power of attorney to any third party where reasonably necessary in the exercise of **our** powers.

20.4 **We** and the attorney will not be liable to **you** for anything done when exercising the power of attorney unless it is done negligently.

20.5 **You** will on **our** request:

- (a) sign (or execute and deliver) any document or deed;
- (b) exercise any rights or powers which **you** have in respect of the **Property** or the **Related Rights**; and
- (c) do anything else which **we** or the receiver think necessary or desirable,

in each case in order to:

- (d) protect **our** security under the **Lifetime Mortgage**;
- (e) exercise any powers contained in the **Lifetime Mortgage**; and
- (f) preserve the **Property** or the **Related Rights** (and their value).

20.6 The power of attorney will end when **we** release the security constituted by **your Lifetime Mortgage**. If **we** have to reinstate our security in accordance with **Condition** 16.4, the power of attorney will also be reinstated until **we** release the security. **You** will sign (or execute and deliver) any document or deed which **we** reasonably request in order to appoint **us** (and any receiver appointed by **us**) as **your** attorney, on the same terms and conditions set out in this **Condition** 20.

## G. GENERAL CONDITIONS

This Section G contains general Conditions relating to your Lifetime Mortgage, including: (1) our ability to assign our rights under the Lifetime Mortgage to any third party; (2) our use of information we receive about you; (3) the circumstances in which we may vary the terms of the Lifetime Mortgage; (4) the law that applies to your Lifetime Mortgage; and (5) various other miscellaneous Conditions.

### 21. When we can sell, transfer or assign your Lifetime Mortgage to someone else

- 21.1 **We** may at any time transfer or assign to any other person the benefit of, and **our** rights under, all or any part of the **Lifetime Mortgage** and any related security. **We** do not need **your** consent to do so. If **we** do so, **your** rights and obligations under the **Lifetime Mortgage** will not be affected. **You** must continue to perform **your** obligations under the **Lifetime Mortgage** as though **you** originally entered into it with the transferee or assignee.
- 21.2 **We** may release to any actual or potential transferee or assignee (and their advisers) any information **we** hold about **you**, about the conduct of **your Account** and about any related securities. We will release this information in accordance with **Condition 22**.

### 22. Using your information

- 22.1 **We** will decide the purposes for which and the manner in which any personal information **we** obtain relating to **you** is processed. **We** will process all personal data relating to **you** in accordance with **our** privacy policy from time to time relating to the processing of personal data about **you**.
- 22.2 **We** may give any information and documents concerning the **Lifetime Mortgage** or **your Account** to any person if:
- we** are required to do so by law or by any regulatory authority;
  - we** have a public duty to do so;
  - it is necessary in order to enforce any provisions of the **Lifetime Mortgage**;
  - you** ask **us** to give details to another person or agree that **we** can give such details to another person;
  - that person takes over, or may be entitled to take over, any of **our** rights under the **Lifetime Mortgage** or is responsible for the management or administration of the **Account** or the **Lifetime Mortgage** at any time;
  - that person provides services to **us** in connection with **your Account** or the **Lifetime Mortgage**; or
  - we** think it is necessary or advisable to do so in connection with any transfer, sale or financing arrangement which **we** may enter into or consider in connection with the **Lifetime Mortgage**.
- 22.3 **We** will use the information which **you** give **us**, or which **we** receive from any enquiries which **you** permit **us** to make about **you** or which **we** require to be made, for processing and administering **your Account** or the **Lifetime Mortgage**, for customer service, market research, statistical analysis, audit and administrative purposes.
- 22.4 **We** may record telephone calls that **you** make to **us** for **our** mutual protection and to improve **our** customer service standards.

### 23. Miscellaneous

- 23.1 If **we** fail to exercise or delay in exercising any right or power that **we** have in connection with the **Lifetime Mortgage**, this will not affect **our** ability to later exercise any of **our** rights or powers. If **we** exercise any of **our** rights or powers (in whole or in part), this will not affect **our** ability to exercise them again in the future or to exercise any other right or power.
- 23.2 If **we** agree with **you** that **we** will not exercise any of **our** rights or powers on a specific occasion, this will not prevent **us** from exercising **our** rights and powers in the future and will not affect the other terms of the **Lifetime Mortgage**.
- 23.3 The rights, powers and remedies provided in the **Lifetime Mortgage** are cumulative and not exclusive of any rights, powers or remedies provided by law.

**Explanation:** Not all our rights and powers under your Lifetime Mortgage are listed in these Conditions or in the Offer of Loan. Some are contained in statute and we are able to use all those other rights and powers too.

- 23.4 Each of the provisions and/or sub-clauses of the **Lifetime Mortgage** is severable and distinct from the others. If at any time any one or more of such provisions becomes illegal, invalid or unenforceable, this will not impair or affect the legality, validity or enforceability of the remaining provisions.
- 23.5 Only **you** and **we** may enforce the terms of the **Lifetime Mortgage**. No provision of the **Lifetime Mortgage** will be enforceable by a third party under the Contracts (Rights of Third Parties) Act 1999.
- 23.6 **We** will communicate with **you** using the English language and all our documents will be issued to **you** in English. If **you** choose to use the services of an interpreter, **we** are not a party to, or responsible for, those services which will be subject to a separate privacy notice and terms and conditions with any interpreter **you** choose to use.
- ### 24. Varying the terms of the Lifetime Mortgage
- 24.1 **We** may vary the terms of the **Lifetime Mortgage** from time to time during the life of the **Lifetime Mortgage** without **your** consent for the purpose of giving **you** the benefit of enhanced or additional services which become available in connection with the **Lifetime Mortgage**.
- 24.2 **We** may also vary the terms of the **Lifetime Mortgage** from time to time during the life of the **Lifetime Mortgage** without **your** consent for the purpose of responding reasonably to:
- any change in the law, regulatory requirements or codes of practice which is or are applicable to the conduct of **our** business or the **Lifetime Mortgage**;
  - any new or amended recommendation, requirement or decision by any court, ombudsman, regulator or similar body, including the Equity Release Council, which is or are applicable to the conduct of **our** business or the **Lifetime Mortgage**;
  - any change to **our** technology or other systems used in connection with the **Lifetime Mortgage**, including where the change is needed either to improve the operation of those systems or to integrate them with the systems used by another organisation which **we** acquire or by which **we** are acquired; and
  - any mistakes which are identified and reasonably require changes or rectification.

24.3 We may also vary the terms of the **Lifetime Mortgage** from time to time during the life of the **Lifetime Mortgage** without **your** consent for any other reason not specified in these **Conditions** provided any such change is proportionate to the underlying reasons for the change.

24.4 We will give **you** at least 30 days' written notice in advance of any change **we** make pursuant to **Conditions** 24.2 and 24.3.

## 25. Sending notices to you

25.1 If **we** leave or send by prepaid post or by email any written demand or notice addressed to **you** either to the **Property** or any other address or email address that **you** make known to **us**, **you** will be deemed to receive the notice.

25.2 Where **we** leave any demand or notice at the address referred to in **Condition** 25.1, **you** will be deemed to have received it at the time that **we** leave it there. Where **we** send any demand or notice by post to that address or any other nominated address, **you** will be deemed to have received it two Working Days after posting. Where **we** send any demand or notice by email, **you** will be deemed to have received it on the date and at the time that **we** sent it.

**Example:** If we post a notice to you at 1pm on Tuesday, you will be deemed to have received it at 1pm on Thursday.

## 26. Governing law and jurisdiction

26.1 The **Lifetime Mortgage** and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) will be governed by English Law, unless **Condition** 27 applies.

26.2 The courts of England and Wales will have jurisdiction to settle any such disputes or claims, unless **Condition** 27 applies.

## H. TERMS THAT APPLY IF THE PROPERTY IS IN SCOTLAND

If the Property is in Scotland, your Lifetime Mortgage is governed by the laws of Scotland. This Section H sets out the special Conditions that apply to your Lifetime Mortgage if the Property is located in Scotland.

### 27. Scotland

27.1 The provisions of this **Condition** 27 apply to the **Lifetime Mortgage** if the **Property** is located in Scotland.

27.2 In these **Conditions**:

**CFRA 1970** means the Conveyancing and Feudal Reform (Scotland) Act 1970; and

**CFRA Standard Conditions** means the standard conditions set out in schedule 3 to the **CFRA 1970**, which detail certain obligations you have, and certain rights we have, in relation to the **Property**.

27.3 The second paragraph of section A (Introduction) to these **Conditions** is replaced by the following:

Should there be any inconsistency between the documents referred to above, **we** will give priority to the terms of **your Offer of Loan**, then **your Mortgage Deed**, then the **Tariff of Charges**, these **Conditions** and finally the **CFRA Standard Conditions**.

27.4 References in these **Conditions** and the **Offer of Loan** to 'tenants in common' are replaced by 'joint owners'.

27.5 **Conditions** 6.1(h), 11.2 and 18 do not apply.

27.6 **Condition** 17 is replaced by the following:

### 17. Our powers

17.1 Regardless of any other provisions of these **Conditions**, if any **Event of Default** occurs, the **Amount Owed** shall immediately become due and payable on demand and **you** will be in default under the **CFRA 1970**, which would allow **us** to enforce **our** security and exercise the rights available to **us** under the **CFRA 1970**.

17.2 At any time after the **Amount Owed** has become due and payable, **we** may (without previous notice to or agreement from you):

- take possession of the **Property**;
- sell the **Property** (whether or not **we** have taken possession); and/or
- exercise all the other powers given to heritable creditors by the **CFRA 1970**.

**Explanation:** A "heritable creditor" is a legal term for a person who holds a standard security over a property in Scotland. Heritable creditors are granted certain powers by law (including those powers set out below in Condition 17.3, but there are others as well).

17.3 At any time after the **Amount Owed** has become due and payable, **we** may if **we** consider it necessary or desirable, at **your** expense and regardless of **your** bankruptcy, death or insanity and without being treated as a heritable creditor in possession or becoming liable to account as such:

- take any proceedings **we** think fit in relation to the **Property**;
- generally manage the **Property**, including collecting and receiving rents, carrying out building and development works, arranging necessary repair and maintenance of the **Property**, ensuring compliance with local authority requirements, maintaining, renewing or increasing insurances, serving notice under relevant housing legislation and obtaining any appropriate planning or other consents and approvals; and/or
- exercise, on **your** behalf and without having to give **you** prior notice or obtain **your** consent, all the powers and duties conferred on a landlord by law from time to time in force (including the power to grant, vary, assign review, terminate, surrender or accept surrenders of leases, tenancies or licences over the **Property** so far as permitted by the **CFRA 1970**) without having any liabilities or responsibilities to **you** as a result of doing so, in each case, as **we** in **our** discretion reasonably think fit. Any costs we incur will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition** 2.

**Explanation:** if a mortgage provider takes physical possession of the mortgaged property, it will be known as a “heritable creditor in possession”, which means the mortgage provider incurs certain liabilities in relation to the mortgaged property. If we exercise the rights set out in this Condition 17.3, we will not be treated as a “heritable creditor in possession”. This means the statutory requirements and liabilities of a “heritable creditor in possession” will not apply.

## I. DEFINITIONS AND INTERPRETATION

### 28. Defined terms

28.1 Terms that are in bold in these **Conditions** have the following meanings:

**Account** means the account **we** maintain recording the **Amount Owed**;

**Amount Owed** means all monies (including any **Loan**, interest and **Charges**) which **you** owe **us** at any time on the security of the **Lifetime Mortgage**;

**Borrower, you** and **your** means the person(s) named as borrowers in the **Lifetime Mortgage** and includes all persons claiming any right or interest from or to **you** (including your successors, personal representatives and executors of your estate);

**CFRA 1970** has the meaning set out in **Condition 27.2**;

**CFRA Standard Conditions** has the meaning set out in **Condition 27.2**;

**Charge(s)** means all fees and expenses which we apply (acting reasonably) in connection with the **Loan** and the **Lifetime Mortgage**;

**Completion** means the date on which **we** first advance money under a **Loan** to you;

**Conditions** means these terms and conditions (including the introduction in Section A);

**Drawdown** means any additional borrowing under the **Drawdown Facility**;

**Drawdown Facility** means the facility of that name we provide under the **Offer of Loan** (if any) as set out in **your Offer of Loan** (if such a facility is available to **you**);

**Early Repayment Charge** means the early repayment charge set out in the **Offer of Loan**;

**Your Guide to Early Repayment Charges** means **our** guide on early repayment charges and which forms part of **your Lifetime Mortgage** with **us**;

**Event of Default** means any of the following circumstances:

- (a) the **Amount Owed** is not repaid to **us** following a **Repayment Event** in accordance with the terms of **Condition 13.2**;
- (b) compulsory purchase or requisition of all or any part of the **Property**;
- (c) material false information or material omission in information given to **us**, including fraud or money laundering;
- (d) the **Property** being used other than solely as a private residence, unless agreed by **us**
- (e) if **you** are or become bankrupt or enter into any composition or arrangement with **your** creditors, or **you** have been found by a court of competent authority to have been engaged in criminal activity; or
- (f) **you** are in material breach of **your** obligations under these **Conditions** or the **Offer of Loan** and either **you** have not remedied such breach within any reasonable period **we** specify, or the breach cannot be remedied;

17.4 After taking possession of the **Property** **we** may, as **your** agent and at **your** expense (as a **Charge**, which will be applied in accordance with **Condition 2**), remove, store, sell or otherwise deal with any goods or animals which **you** have not removed from the **Property**. **We** will not be responsible for any loss caused by **our** so doing. **We** will account to **you** for all proceeds received, either by paying such amount to **you** or setting it off against the **Amount Owed** (at **our** discretion), but **we** will deduct all expenses that **we** reasonably incur in dealing with the goods and/or animals. If the proceeds received are less than the expenses **we** reasonably incur, the remainder of the expenses will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 2**.

17.5 When **we** exercise **our** powers under **your Lifetime Mortgage**, **we** may engage and pay third parties to assist **us**. These third parties will be acting on **your** behalf as **your** agents and **you** will be responsible for their fees at such rates as **we** may reasonably agree. The remuneration will be a **Charge** that **you** must pay, which will be applied in accordance with **Condition 2**. If **we** appoint a third party, **we** may revoke the appointment of that third party at any time. **We** will tell **you** if the third party's appointment is revoked."

27.7 References to a 'receiver' in **Condition 20** do not apply.

27.8 In **Condition 19.2** the words 'by signing the **Mortgage Deed**' will be added before the words 'you assign'.

27.9 **Condition 26** is replaced by the following:

#### 26. Governing law and jurisdiction

26.1 The **Lifetime Mortgage** and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) will be governed by Scots law.

26.2 The courts of Scotland will have jurisdiction to settle any such disputes or claims."

27.10 Any other references in these **Conditions** to any word, expression or practice under English law are references to the equivalent or nearest equivalent word, expression or practice under Scots law.

27.11 In interpreting the **CFRA Standard Conditions** 'the creditor' means 'we', 'us' or 'our' (as appropriate) and 'the debtor' means 'you', 'your' or 'yours' (as appropriate).

**Inheritance Protection Option** is the option for you or your beneficiaries to be entitled to the **Protected Percentage**, as set out in your **Offer of Loan** (if you have selected this option);

**Interest Rate** means the rate or rates of interest which apply for the time being to the **Amount Owed** or any part of the **Amount Owed** (including any **Drawdown**) as set out in the **Offer of Loan**;

**Lifetime Mortgage** means the agreement for your **Loan** which is comprised of the **Offer of Loan**, the **Mortgage Deed**, the **Your Guide to Early Repayment Charges**, the **Tariff of Charges** and these **Conditions** (and, if the **Property** is located in Scotland, the **CFRA Standard Conditions**);

**Loan** means each and every sum which we lend you on the security of the **Lifetime Mortgage** (including each and every additional borrowing you apply for and we agree and each **Drawdown** (if any));

**Long Term Care** means care or supervision which you require and which:

- (a) requires you to receive care on an ongoing and long term basis outside the **Property**, including but not limited to entering into a residential care home, nursing home, or moving in with family or friends where there is no intention to return to the **Property**. **Long Term Care** does not include temporary stays in hospitals or to visit family or friends; and
- (b) requires you to be absent from the **Property** for any other reason for any period totalling 90 days or more in any period of 180 consecutive days; and
- (c) is necessitated by or attributable to your physical or mental incapacity or impairment.

A certificate signed by a medical practitioner certifying the above will (in the absence of obvious error) be conclusive evidence of this;

**LPA 1925** means the Law of Property Act 1925;

**Main Residence** means the property in which you are habitually resident (where you live most of the time);

**Mortgage Deed** means the mortgage deed (or, if the **Property** is in Scotland, the **Standard Security**) signed by you which incorporates these **Conditions**;

**Net Sale Proceeds** means the net sale proceeds that will be available on completion of the sale of the **Property**, after deducting all reasonable costs of sale, such as legal fees and estate agent fees;

**No Negative Equity Guarantee** means that you or your estate would not be left with an outstanding debt from the **Lifetime Mortgage** where the **Property** is sold for the best price reasonably obtainable (subject to certain conditions set out in **Condition 4**);

**Offer of Loan** means the document named "Offer of Loan" that we have given to you, containing our written offer and setting out the particular terms and conditions on which we will make a **Loan** to you;

**Payment Date** means the day of the month specified in your Offer of Loan;

**Property** means the property described in the **Lifetime Mortgage** and includes each and every part of such property and all fixtures and fittings;

**Proposed Sale Price** has the meaning set out in **Condition 12.2**;

**Protected Percentage** means the percentage of **Net Sale Proceeds** which you have chosen to protect if you have selected the **Inheritance Protection Option** (as set out in the **Offer of Loan**);

**Related Rights** has the meaning set out in **Condition 19**;

**Repayment Event** has the meaning set out in **Condition 13.1**;

**Standard Security** means a standard security in accordance with the terms of the **CFRA 1970** over the **Property**;

**Tariff of Charges** means our tariff of charges which sets out our standard fees and charges as in effect from time to time;

**Valuation Price** has the meaning set out in **Condition 12.4**;

**we, our and us** means Legal & General Home Finance Limited and includes our successors, assigns and transferees whether legal or equitable and whether in relation to all or part of the **Amount Owed**, and may at any time mean more than one of them; and

**Working Days** means any day other than a Saturday, Sunday or any day which is a public holiday in England and Wales (if your **Property** is in England or Wales) or in Scotland (if your **Property** is in Scotland).

## 29. Interpretation of these Conditions

**29.1** Any reference to a "month" and "monthly" means a calendar month.

**29.2** Any reference to "you" includes your legal representatives should you die, become bankrupt or become unable to manage your affairs.

**29.3** Where there is more than one **Borrower**:

(a) "you" and "your" refer to both of you together and each of you separately;

(b) if either of you dies, becomes bankrupt or becomes unable to manage your affairs this will not affect the liability of the other one of you; and

(c) your liability to us is both joint and several which means that we can enforce the **Lifetime Mortgage** against any or both of you for the **Amount Owed**.

**29.4** Any reference to any provision of any law includes that provision as updated or altered at any time.

**29.5** References to any document include all variations, replacements and amendments to that document.

**29.6** Any phrase introduced by the terms "including", "include", "in particular" or a similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

**29.7** Any reference to these **Conditions** or to any other document is a reference to these **Conditions** or to that other document as validly amended, varied, supplemented, restated or novated (in each case, other than in breach of the provisions of these **Conditions**) at any time.

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