



# MORTGAGE LOAN TERMS.

2011

**These financial and other terms are part of the legal arrangements of your loan with the mortgage deed/standard security, your Offer and the Mortgage Conditions. Please note that these terms apply to both our residential mortgages and our buy to let mortgages.**

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## Terms

Please see the definitions in clause 14 for words and phrases which have a special meaning in these Terms.

### 1 Explanation

- 1.1 We, Accord Mortgages Limited, have made an Offer to you, the Borrower. These are the terms of the Loan the subject of that Offer. Please read them carefully, as once you receive the Loan you will be bound by them.
- 1.2 "You" includes your successors in title. "We" includes our successors in title and anyone to whom all or any of our rights to receive repayment of the Loan or any other Borrowings may be transferred entirely or in part and either outright or by way of security only.
- 1.3 Where these Terms are issued with an additional Loan which is made after your first Loan in respect of the same Property, the terms of any earlier Mortgage Loan Terms will automatically be varied and replaced by these Terms, when the additional Loan is made.

### 2 Interest and Reasons for Variation of Interest Rates

- 2.1 A mortgage loan is borrowed over a long period of time, usually 25 years, and it is impossible to predict all the changes that will occur during that time (or any part of it) particularly relating to interest rates. Therefore it is a fundamental term of every Loan that the Interest Rate should be variable at all times except when the Interest Rate is specified as being fixed.
- 2.2 There are a number of reasons why we may from time to time, need to vary the Interest Rate. The reasons mainly arise from the need to take account of the commercial environment and the markets in which we operate as well as the costs of running and managing our business.
- 2.3 Any Interest Rate change will not necessarily apply to all our borrowers, for example where the terms of a borrower's Loan specifies that they pay a fixed rate of interest.
- 2.4 We may at any time reduce the Interest Rate on the Loan without notice to you.
- 2.5 Subject to the terms of any particular Loan we can increase the Interest Rate at any time where we reasonably believe that the increase is needed for any one or more of the following reasons (which may relate to circumstances existing at the time or those which we reasonably expect to apply in the near future):
  - 2.5.1 to take account of, in a proportionate manner, any change in the costs reasonably incurred by us in managing our mortgage business and in particular providing and administering our mortgage accounts;
  - 2.5.2 to take account of, in a proportionate manner, changes in the law or the interpretation of the law, decisions or recommendations of an ombudsman, regulator or similar person, or any code of practice applicable to the conduct of our business;
  - 2.5.3 to take account of, in a proportionate manner, changes to the cost of money which we have to borrow from time to time in order to finance our lending;
  - 2.5.4 to take account of, in a proportionate manner, changes in the Bank of England base rate;
  - 2.5.5 to take account of, in a proportionate manner, changes in interest rates charged by our competitors in the mortgage industry;
  - 2.5.6 to enable us to harmonise, in a reasonable manner, the interest rates being paid by our borrowers following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider; and
  - 2.5.7 to enable us to manage our business (and its growth) prudently.
- 2.6 We will tell you about any increase in the Interest Rate under clause 2.5 either before or as soon as reasonably practicable after such increase is to take effect either by Advertisement, or Personally in accordance with clause 8.1.
- 2.7 If you do not wish to accept the increase under clause 2.5 you are free to repay the Loan immediately subject to any provision in the Offer for that Loan for early repayment charges.

### 3 Payments

- 3.1 You will make monthly payments as set out in the Offer. These payments start in the month after the Loan is sent to our legal adviser (or to you if we consider it appropriate) and will be due on

the first day of the month if no other date has been arranged.

- 3.2 We may vary the monthly payment if there are changes in Interest Rates or the payment changes for other reasons such as: changes in insurance premiums, at the end of a special interest rate period, changes in laws and regulations or to take into account the way in which we administer (or any person appointed by us administers) our Loan Accounts. We may do this to ensure repayment of the Loan within the term of the Loan set out in the Offer.
- 3.3 You must repay the Loan at or by the end of the term of the Loan set out in the Offer for that Loan.
- 3.4 You agree that we can at any time and without notice to you:
- 3.4.1 take, use and apply any money which we have received from you or which we hold for you (including any money held in joint accounts and any credit balance held by us for you on any account) in or towards payment of the Loan or any other Borrowings or to reduce or repay any amounts which you otherwise owe us; and/or
- 3.4.2 combine or consolidate any accounts you hold with us.
- Our rights under this clause 3.4 shall be in addition to, and shall not affect, any right of set-off, combination of accounts or other rights to which we may otherwise be entitled (whether at law, under the terms and conditions of accounts held with us or otherwise).
- 3.5 We (and any receiver appointed by us in respect of the Property) may pay any money received, recovered or realised in respect of that Property into an interest-bearing suspense account and may retain the same for such period as we or they consider expedient without having any obligation to apply the same or any part of it in or towards discharge of the Borrowings (or any part of them).
- 3.6 If you tell us that you intend to repay the money specifically lent to you for any one Property, you agree that we can require you to repay all or any part of any other Borrowings you owe to us at the same time (other than in respect of your principal private residence).
- 3.7 We can exercise any of the rights under clauses 3.4, 3.5 and 3.6 whether or not any of the events or circumstances set out in clauses 4.1 & 4.2 of these Terms has occurred.

#### 4 Default

- 4.1 Subject to clause 4.2 all Loans and other Borrowings will become repayable immediately if:
- 4.1.1 you are in arrears by the amount of one or more of your monthly payments on any Loan or any other Borrowings or other sums are due to us and you have not paid them;
- 4.1.2 you do not comply in a material respect with any of your obligations (other than payment of the monthly payments) to us;
- 4.1.3 you are made bankrupt;
- 4.1.4 you enter into an arrangement with or for the benefit of your creditors or you propose to do so;
- 4.1.5 any Property is compulsorily acquired.
- 4.2 Any Loan and other Borrowings you owe to us in respect of your principal private residence will become repayable immediately if:
- 4.2.1 you are in arrears by the amount of two or more of your monthly payments in respect of the Loan or any other Borrowings or other sums are due to us in respect of your principal private residence and you have not paid them;
- 4.2.2 you do not comply in a material respect with any of your obligations (other than payment of the monthly payments) to us in respect of your principal private residence;
- 4.2.3 you are made bankrupt;
- 4.2.4 you enter into an arrangement with or for the benefit of your creditors or you propose to do so; or
- 4.2.5 your principal private residence is compulsorily acquired.
- 4.3 You will pay interest on the amount of any judgment we obtain at the Interest Rate applicable to the Borrowings, or the rate set by the Court.

#### 5 Borrowings Repayable on Demand

- 5.1 We may give you 3 months notice personally at any time to repay the Loan and/or any other Borrowings. We will only do so in exceptional circumstances, for example:
- 5.1.1 if any information given by you or on your behalf to us is, in any material respect, incorrect or misleading;
- 5.1.2 if we have a good reason to believe that you have been involved in fraudulent or serious criminal behaviour;
- 5.1.3 if we have good reason to believe that the relationship between you and us has irretrievably broken down, such as physical, threatening or abusive behaviour to our staff;
- 5.1.4 we reasonably consider that our security is at risk;
- 5.1.5 where the Property is to be compulsorily acquired; and
- 5.1.6 if we ask you to repay the Loan and/or any other Borrowings where we reasonably consider it necessary due to regulatory or taxation reasons (we would not seek to rely on this provision without reference to and acceptance by our regulator).

#### 6 Charges

There are a number of fees and costs which are set out in your Offer which are part of the price for your Loan. Separately there are a number of Charges which arise through the life of a Loan. In this clause 6 and in clause 9, a Charge or Charges means all fees and expenses (including our internal costs) which we apply in connection with a Loan and the mortgage over the Property securing a Loan, including (but not limited to) the examples given in clauses 6.2, 6.3, 6.4 and 9.2. We will tell you when you have incurred a Charge. You must pay us our Charges when we ask.

- 6.1 **Legal costs at the start.** Before a Loan is made we will have to set up a mortgage over the Property to secure that Loan. You will be responsible for paying the legal costs of any conveyancer who undertakes our legal work in relation to the mortgage. The Offer will state if we are paying the whole or part of the legal costs involved in setting up a Loan.
- 6.2 **Charges during the life of a Loan.** We may apply reasonable Charges for items relating to the operation of the Loan Account in respect of a Loan and where you ask us to provide a document or service in connection with the mortgage, whether to you or anyone else. The amount of the Charge will be set out from time to time in our Tariff. Examples of activities under this clause 6.2 include (but are not limited to):
- supplying or copying deeds or documents to you or anyone acting for you;
  - discharging our security;
  - releasing the Property or any related rights from our security;
  - releasing any title deeds;
  - processing any request for any change in the terms of the Loan or the mortgage;
  - giving you or anyone authorised by you any assistance or information in connection with the Property, any Loan or the mortgage;
  - any third party charges which we incur in dealing with the mortgage or its discharge such as Land Registry fees.
- 6.3 **Charges safeguarding our security.** You must pay us all reasonable Charges which we reasonably incur to safeguard our security or because you fail to fulfil an obligation you have under any Loan or the mortgage. Where we are able to make a genuine pre-estimate (based on our mortgage lending activities as a whole) of the expenses we are likely to incur, the amount of the Charge will be set out from time to time in our Tariff and will be limited to this amount. Where we are unable to make a genuine pre-estimate we will charge a reasonable amount together with any external costs which we may incur. Examples of activities under this clause 6.3 include (but are not limited to):
- any legal proceedings and costs relating to the mortgage (this applies whether or not you are a party to the proceedings);
  - exercising any of the rights or powers given to us by statute or these Terms or the mortgage conditions;

- recovering a Loan or any other Borrowings;
  - protecting or preserving our security;
  - checking that any insurance of the Property which you have arranged is adequate for our purposes;
  - insuring the Property.
- 6.4 **Arrears Charges** - If your Loan Account falls into arrears, then we will charge you arrears administration fees. The time from when we start charging these fees and the amount of these fees will be set out in our Tariff. Arrears administration fees are calculated to cover our administrative costs in dealing with those arrears. Where arrears administration fees are charged, they will be added to your Loan Account each month. Legal costs may also be charged and will be added to your Loan Account.
- 6.5 **Interest on Charges**. If you do not pay the Charge within 7 days of the date we tell you it is payable then we may add it to your Loan Account. Where we add to your Loan Account Charges which have been properly incurred by us under, or stated in, the Offer, the mortgage conditions or these Terms we will charge interest on such Charges until they are repaid at the Interest Rate applicable to the relevant Loan or, where there is more than one such rate, at the highest rate.
- 6.6 **Adding to or Changing Charges**. A change that abolishes a Charge or reduces the amount of an existing Charge may be introduced with immediate effect and without notice. We can vary or add to the Charges set out in the Tariff if it is to your advantage (for example if we reduce or abolish a Charge) or for any one or more of the following reasons (which may relate to circumstances existing at the time or those which we reasonably expect to apply in the future):
- 6.6.1 to take account of, in a proportionate manner, changes in the expenses which we reasonably incur (including our reasonable management and administrative costs) in respect of the particular product or service provided to you;
  - 6.6.2 to take account of, in a proportionate manner, changes in technology or general practice in the mortgage industry;
  - 6.6.3 to take account of, in a proportionate manner, changes we may reasonably make in the products and services we provide or the activities we carry out;
  - 6.6.4 to take account of, in a proportionate manner, changes in the law or the interpretation of the law, decisions or recommendations of an ombudsman, regulator or similar person, or any code of practice applicable to the conduct of our business;
  - 6.6.5 to enable us to harmonise, in a reasonable manner, the Charges paid by our borrowers following any acquisition or transfer of mortgages or any takeover or merger with, another mortgage provider;
  - 6.6.6 to reflect, in a proportionate manner, inflation;
  - 6.6.7 to correct mistakes if it is reasonable to do so;
  - 6.6.8 to enable us to manage our business (and its growth) prudently.
- 6.7 **Telling you about changes**. Where changes have been made to the Charges:
- 6.7.1 These will be set out in the Tariff which will be provided to you Personally at least once a year when changes are made;
  - 6.7.2 We will tell you when you ask us to do something which incurs a Charge; or
  - 6.7.3 Details will be available from our Customer Contact Centre.
- 7 Joint Borrowers**
- 7.1 If there is more than one of you:
- 7.1.1 these Terms apply to all of you together and to each of you on your own.
  - 7.1.2 each of you can be held fully responsible for keeping to these Terms.
- 8 Notices**
- 8.1 If we have to tell you something we may do so either:
- 8.1.1 Personally, which means:

- 8.1.1.1 by post to your last known address (which unless you have told us otherwise means the Property); or
  - 8.1.1.2 by fax or email to any number or email address you have given us for this purpose; or
  - 8.1.2 by Advertisement, which means advertisements in national newspapers of our choice (you can find out the current newspapers we use by contacting our Customer Contact Centre).
- 8.2 If we give such notice either Personally or by Advertisement then it will be considered as given on the following days:
- 8.2.1 Post The second Working Day after date of posting (regardless of class of post)
  - 8.2.2 Email The day the email is sent
  - 8.2.3 Fax The day of transmission
  - 8.2.4 Press advertisement The day on which the Advertisement first appears in the newspapers we use.

## 9 Storage and Production of Deeds

- 9.1 Where the Property the subject of the Offer is in Scotland or Northern Ireland and it is our policy to do so we require to hold the title deeds to that Property.
- 9.2 Where we hold the deeds to a Property you may ask us to send them to your legal representative or to supply extracts from or copies of the deeds to you or your representative. We can impose conditions in doing so and you may have to pay a Charge for these services.
- 9.3 Where a Property is in England or Wales we do **not** require to hold the title deeds to that Property.

## 10 Recording of Communications

All communications with us may be monitored/recorded to improve the quality of our service and for your protection and security.

## 11 Miscellaneous

- 11.1 Each of the provisions of these Terms is severable and distinct from the others. If at any time any one or more of the provisions becomes illegal, invalid or unenforceable, this will not affect the legality, validity or enforceability of the remaining provisions.
- 11.2 These Terms do not affect or exclude any terms and conditions implied by law unless they expressly say so.
- 11.3 Any concession or waiver by us in exercising our rights under these Terms shall not be binding on us and shall not prevent us from subsequently exercising our rights against you.
- 11.4 No person other than a party to these Terms may enforce any rights under these Terms or under any other agreement made in connection with the mortgage by virtue of the Contract (Rights of Third Parties) Act 1999. A party to these Terms includes anyone we transfer our rights to under clause 12 or anyone we appoint as a receiver.

## 12 Transfer of the Loan by us

- 12.1 We may transfer our interest in the Loan to another party at any time on such terms as we may decide.
- 12.2 Unless the terms of the transfer state otherwise, a transferee of the Loan will be able to exercise all rights, powers and remedies which we could exercise before the transfer.

## 13 Governing Law

These Terms are governed by the laws of that part of the United Kingdom where the Property the subject of the Offer is situated.

## 14 Definitions

In these Terms the following words have the following meanings:

**Advertisement** is explained in clause 8

**Borrower** means the borrower or borrowers named in the Offer

**Borrowings** means the total amount outstanding at any time of all the Loans

**Charges** has the meaning set out in clause 6

**Interest Rate** means the rate of interest shown in the Offer or the new rate of interest if we change it in accordance with these Terms

**Loan** means any individual amount of money we have lent you, or may lend you, as set out in an Offer, on the security of the Property. This may include, for example, any additional borrowing and any other money you owe us at any time such as interest and unpaid fees and Charges. You may have more than one Loan

**Loan Account** means the account established by us in respect of a Loan

**Notice** is explained in clause 8

**Offer** means any written offer of a Loan sent to you which results in a Loan being made

**our, us** and **we** refer to Accord Mortgages Limited

**Personally** as in "We will tell you Personally" is explained in clause 8

**Property** means the property which is security for the Loan and all other Borrowings and where appropriate includes all or any part of the Property. You may have more than one Property as security for the Borrowings

**Tariff** means the Loans Administration Fee Tariff which applies to your Loan Account. The Offer will state which Tariff applies and you will receive the current version with the Offer. The Tariff states the current amount of the Charges which we may make under clause 6. The Tariff is subject to change from time to time and you can always obtain the latest version from our Customer Contact Centre

**Terms** means the terms set out in this booklet

**Working Days** exclude Saturdays, Sundays and Bank Holidays in that part of the United Kingdom where the Property is situated

**Year** means a year from 1 January to 31 December

**you** and **your** refer to a person who is a Borrower

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Communications with us may be monitored/recorded to improve the quality of our service and for your protection and security.