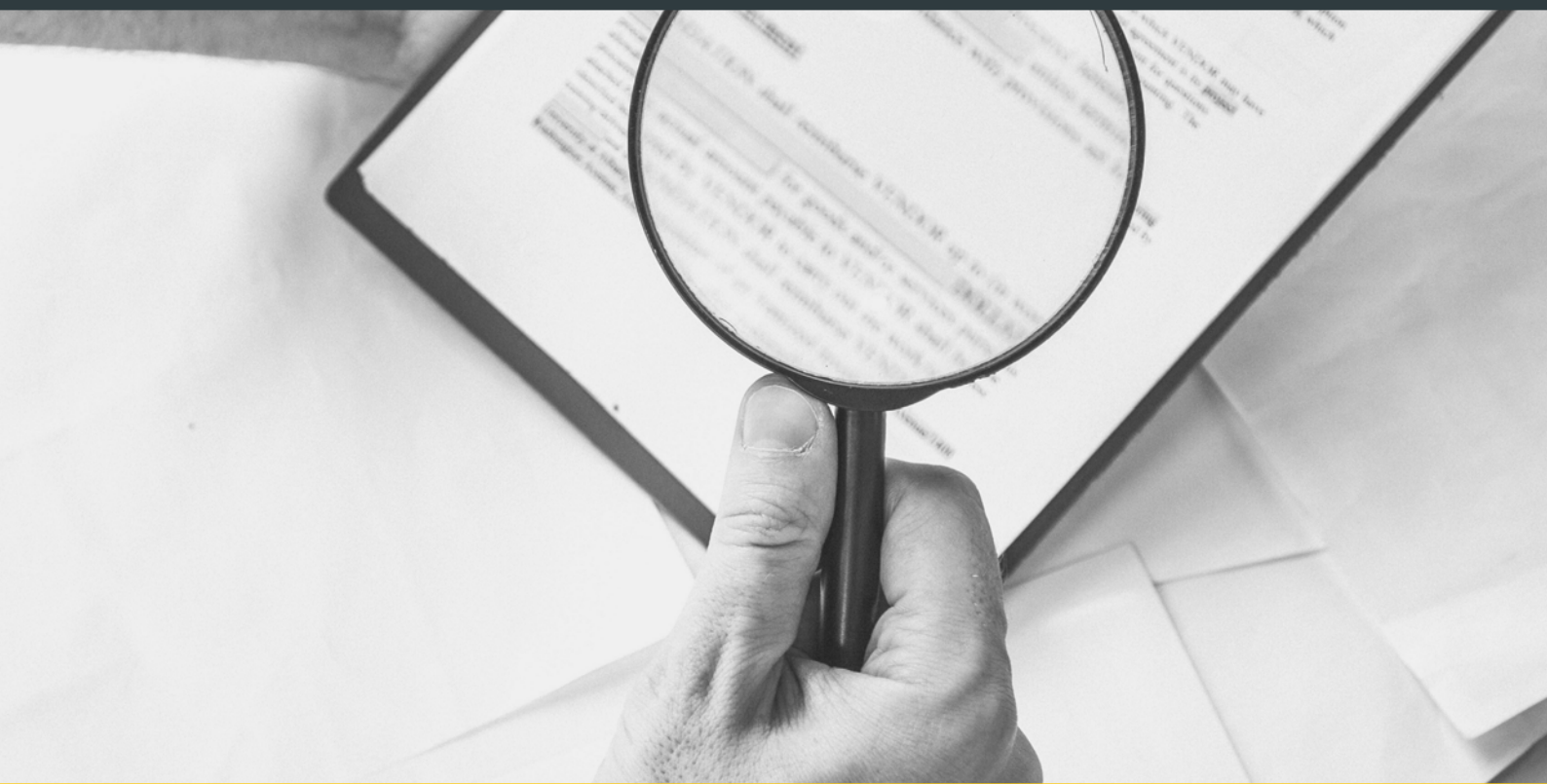


Equity Release



Terms & Conditions
Version 2.0



HODGE

Terms and Conditions

Thank you for choosing Hodge. Our specialist mortgages are built with your needs in mind and designed to grow with you. You can contact us if you have any questions. These terms and conditions apply to your loan and form part of the contract between you and Hodge.

Mortgages are a lifelong commitment, so please make sure you read these terms and conditions and hold onto them for future reference.

You may find yourself in a vulnerable position if a life event or specific need means you need additional support. At Hodge, we want to work with you to ensure you get the best possible outcome. If you think you'd benefit from talking to us so we can tailor the service we provide for you, please contact us.

These **Terms and Conditions** should be read in conjunction with Your Mortgage Offer and other documents that comprise the **Agreement** as defined below.

By applying for any of Our products and services You agree to be bound by these Terms and Conditions. Please take time to read and consider them carefully.

These Terms and Conditions explain Our obligations to You and Your obligations to Us. The terms applicable to any particular product appear in two places.

1. The General Terms set out in these Terms and Conditions, which apply to all of our equity release products and services, being the Flexible Lifetime Mortgage, the Lump Sum Lifetime Mortgage, and the Retirement Mortgage.
2. The Account Terms set out in these Terms and Conditions, which apply specifically and only to each type of equity release product or service.

Where appropriate, we have included explanatory text, examples, summaries or illustrations. These paragraphs are shown in italics and are for information only. They do not form part of these Terms & Conditions.

General Terms – these apply to all equity release products and services

Section A – Definitions and interpretations

Throughout these Terms and Conditions, We use a number of technical words and other expressions which We have capitalised. The meaning of these words and expressions is set out in the following section (and, where appropriate, further below).

The headings used in these Terms and Conditions have been inserted for convenience only and are not intended to have legal effect.

Throughout, references in writing include to written electronic communications where appropriate.

Throughout, references to any provision of any law include that provision as updated or altered from time to time.

It does not affect Our rights if We do not enforce any of the Terms and Conditions herein. This includes any situations where You do not meet Your obligations to us.

The following definitions are adopted throughout:

Agreement means the contract formed between You and Us. The following documents comprise the Agreement and should be read together:

- Your Mortgage Offer that You signed in acceptance of the Loan.
- For property in England or Wales, the Legal Charge over Your Property that forms the security for the Loan.
- For property in Scotland, the Standard Security over Your Property that forms the security for the Loan.
- These Terms and Conditions.
- The Schedule of Charges.

Anniversary Date means the date in each year corresponding with the date upon which We paid to You the advance of Your Loan.

Breach has the meaning set out in clause 15 of the General Terms.

Care Professional has the meaning set out in clause 1.4 of the General Terms.

Disposal has the meaning set out in clause 7.1 of the General Terms.

Early Repayment Charge has the meaning set out in clauses 6 and 7 of the Flexible Lifetime Mortgage Terms, clauses 4 and 5 of the Lump Sum Lifetime Mortgage Terms and clause 1 of the Retirement Only Mortgage Terms.

Event of Default has the meaning set out in clause 16 of the General Terms.

Flexible Repayment Option has the meaning set out in clause 5.3 of the General Terms.

General Terms means the generally applicable terms and conditions set out within sections A to F of this document.

Interest Rate means the prevailing Flexible/Lump Sum/Retirement Lifetime Loan interest rate applicable to the Agreement as set out in section 13 of Your Mortgage Offer.

Loan means each and every sum We lend You at any time in accordance with the terms of this Agreement, including the advance, all interest charged, and any additional fees, costs or charges that are added to Your Loan under these Terms and Conditions.

Long Term Care means the beginning of a period during which You require care or supervision which (a) requires You to be absent from Your Property for a period of more than 90 consecutive days or for any period totalling 90 days or more in any period of 180 consecutive days and (b) is necessitated by or attributable to Your physical or mental incapacity.

Mortgage Deed means the legal mortgage over the interest in Your Property, which You agree to give Us as Security for Your Loan or, if Your Property is in Scotland, a Standard Security over Your Property which You agree to give Us as Security for Your Loan.

Mortgage Offer means the offer made by Us to You for Your Flexible/Lump Sum/Retirement Lifetime Loan, which forms part of the Agreement.

Offer Conditions means any conditions, requirements or actions (including deadlines) set out in the cover letter to which Your Mortgage Offer is attached.

Proceeds of Sale means the price at which Your Property is sold, less reasonable solicitors and professional and estate agents fees.

Property means the property described in Your Mortgage Offer and includes each and every part of

such property and all fixtures and fittings.

Receiver means a person appointed by Us to preserve and protect Property that is at risk or to obtain payment for a debt.

Repayment Event has the meaning set out in clause 1.2 of the General Terms.

Repayment Year has the meaning set out in clause 5.3.1 of the General Terms.

Required Works has the meaning set out in clause 14.2 of the General Terms.

Retention has the meaning set out in clause 3.1 of the General Terms.

Schedule of Charges means Our Schedule of Charges which sets out Our standard fees and charges as in effect from time to time. These charges reflect Our reasonable underlying costs of providing the administrative services listed. If We need to increase or decrease any of them We will only do so in a proportionate manner to reflect changes in Our costs of providing the administrative services. We will give You notice of any such change to the Schedule of Charges and send You a copy of the new Schedule of Charges.

Security means Our Mortgage Deed and security or, for property in Scotland, Our Standard Security over Your Property referred to in the Agreement.

Swap Rate means the rate quoted in the money markets for borrowing funds at a fixed rate of interest over 25 years, as more particularly defined in clause 7.6 of the Flexible Lifetime Mortgage Terms and clause 5.8 of the Lump Sum Lifetime Mortgage Terms. Further information on Swap Rates is available on Our website: www.hodgebank.co.uk/swaprates

You, Your means the person(s) named as borrowers in Your Mortgage Offer. This includes Your personal representatives and executors and anyone claiming any right or interest from or through You.

Us, We, Our, Ourselves means Julian Hodge Bank Limited, trading as Hodge, which is registered in England and Wales (No. 743437) and whose registered address is One Central Square, Cardiff, CF10 1FS and is authorised and regulated by the Financial Conduct Authority and Prudential Regulation Authority. It also includes any person, firm or company claiming any right or interest from or through Us and anyone to whom We transfer the Loan, these Terms and Conditions and the Mortgage Deed.

Section B - Your Loan

1. Term of the Agreement and Loan repayment

1.1. You agree that You will repay the Loan and any part of it in the manner and time(s) as set out in the Agreement.

1.2. You (or Your executors or personal representatives in respect of clause 1.2.1 below) must tell Us immediately if a “**Repayment Event**” takes place or is likely to take place. A Repayment Event means the occurrence of any of the following:

1.2.1. You die or, for joint borrowers, the last borrower living in Your Property dies; or

1.2.2. when You have moved into Long Term Care or, for joint borrowers, on the entry into Long Term Care of the last borrower to vacate Your Property; or

1.2.3. You sell Your Property and You do not transfer the Loan to another property (in respect of Flexible Lifetime and Lump Sum Lifetime Mortgages only); or

1.2.4. when there is a breach of these Terms and Conditions such that repayment may be required by Us in accordance with Section E of these Terms and Conditions.

1.3. When the last borrower residing in Your Property dies, Your executors or personal representatives must continue to fulfil the obligations set out in the Agreement until Your Loan is repaid.

1.4. Where You tell Us You have moved into or may move into Long Term Care, We may require a certificate signed by a medical practitioner, social worker or another professional responsible for Your care (a “**Care Professional**”). We may ask the Care Professional to certify that You require Long Term Care and it is no longer possible for You to live in Your Property. A certificate signed by a Care Professional certifying You require Long Term Care will (in the absence of an obvious error) be conclusive evidence of this. We will tell You if We require such a certificate.

For example, You agree to sign any consent which allows Your Care Professional to release sensitive personal information to Us about Your state of health and Your ability to look after Yourself in Your Property.

1.5. By entering into the Agreement, You agree to the release of any information to Us from a Care Professional We require in relation to a Repayment Event referred to in clause 1.2.2 of the General Terms, that has occurred or is likely to occur and You further agree to co-operate and make reasonable arrangements to assist with the release of that information. This includes, for example, by giving consent to a Care Professional to provide the information We request in accordance with clause 1.4 of the General Terms.

1.6. Once a Repayment Event occurs, We will allow a period of 1 year for Your Property to be sold and for Us to be repaid from the Proceeds of Sale.

1.7. If We are not repaid within 1 year, this will constitute a breach of these Terms and Conditions engaging Section E of these Terms and Conditions set out below.

1.8. You are entitled to repay Your Loan, in full or in part, at any time, but if it is not due for repayment in accordance with this clause 1 You could be liable to incur the Early Repayment Charges as set out in section 13 of Your Mortgage Offer.

2. Interest & Payments

2.1. Interest on Your Loan is charged at a fixed rate of interest. We will start charging interest from the date We advance the Loan monies to You. Interest will be charged up to the day on which the Loan is repaid. The Interest Rate applying to Your Loan is set out in section 8 of Your Mortgage Offer.

3. Offer Conditions

3.1. Your Mortgage Offer may be subject to Offer Conditions that must be satisfied. In certain cases, We may not be required to perform and advance any funds or may hold monies back pending completion of specific work required on Your Property as set out in the cover letter to which Your Mortgage Offer is attached (a “**Retention**”).

3.2. You are responsible for ensuring that Offer Conditions (if any) are complied with. If You fail to comply or otherwise satisfy any Conditions this will amount to a breach of these Terms and Conditions and will be dealt with in accordance with Section E of these Terms and Conditions set out below.

For example, if You are not yet retired, You may have agreed that, when You retire You will use some of the tax free cash You intend to take to reduce the Loan balance. If You subsequently fail to do this, it will be a breach of the Loan conditions.

4. Additional Borrowing

4.1. You may apply for additional borrowing at any time, but Your eligibility is not guaranteed and will depend on factors including for example: the value and condition of Your Property; the outstanding Loan balance; Your age; and Our prevailing Terms and Conditions at the time of any further application.

4.2. A minimum borrowing amount may apply to each additional borrowing transaction. You will need to obtain further financial advice in order to take out additional borrowing, and information about the fees You could incur is set out in Our Schedule of Charges which forms part of Your Agreement with Us.

4.3. The maximum amount of money We will lend You is detailed within Your Mortgage Offer. This includes the initial Loan amount (including, in respect of Flexible Lifetime Loans only, any Cash Withdrawal Option amount as defined in the applicable terms below), and any further borrowing You may consider in the future.

For example, if Your Mortgage Offer states a maximum of £500,000 in terms of what We will lend You and You have borrowed £300,000, Your entitlement to additional borrowing will be capped at £200,000. Similarly, if Your initial Loan is £500,000, You will not be entitled to any additional borrowing.

4.4. If any additional borrowing is taken out by You, the Mortgage Deed will secure this over Your Property even if We have not told You about the additional borrowing.

5. Early Repayment Charges

Your Flexible Lifetime/Lump Sum Lifetime/Retirement Mortgage has been designed to last for the rest of Your life or until You move into Long Term Care. You may repay all or part of Your Loan at any time, but Early Repayment Charges may apply depending on the circumstances of the repayment, as set out in this clause 5 below. For more information please contact Your financial adviser and/or refer to Our Early Repayment Charge factsheet which can be accessed at www.hodgebank.co.uk/ercfactsheet.

5.1. If You want to repay Your Loan early, You should discuss Your intentions with a financial adviser to make sure it is the most appropriate course of action for You.

Flexible Repayment options

5.2. From the date We advance the Loan monies to You, You will be able to make partial repayments without incurring Early Payment charges ("**Flexible Repayment Option**") in accordance with the following terms:

5.2.1. You can repay up to 10% of the initial Loan amount in each year commencing on the date We advance the Loan monies to You (each a "**Repayment Year**");

5.2.2. You can only make a maximum of 12 repayments in each Repayment Year and You cannot carry over any unused amount of the annual limit to future years; and

5.2.3. Early Repayment Charges will apply where during that year: (i) You repay more than 10% of the initial Loan amount; or (ii) You make more than 12 repayments.

Early Repayment Charges will only apply to the amount repaid in a Repayment Year, where during that year: (i) You repay more than 10% of the initial Loan amount or; (ii) You make more than 12 repayments. For example, if you repay 11% of the initial Loan you will only pay Early Repayment Charges on 1%.

Repayments which do not attract Early Repayment Charges

5.3. You will not incur Early Repayment Charges if You repay all or part of Your Loan in the following circumstances:

5.3.1. where full repayment of Your Loan is made:

- a). upon the death of the last borrower living in Your Property (as described in clause 1.2.1 of the General Terms); or
- b.) upon the last borrower living in Your Property moving into Long Term Care (as described in clause 1.2.2 of the General Terms); or
- c). in circumstances where You sell Your Property and do not transfer Your Loan – Our “Downsizing Guarantee” (as described in clause 1.2.3 of the General Terms);

5.3.2. partial repayment of Your Loan is made:

- a). because of a change in Your circumstances such as marriage, re-marriage, or civil partnership (clause 6.3 of the General Terms); or
- b). in accordance with the Flexible Repayment Option (set out in clause 5.2 of the General Terms).

No negative equity guarantee

5.4. Your Loan benefits from a no negative equity guarantee, meaning that:

5.4.1. You will not be liable for the difference if the value of Your Property is not sufficient to repay in full the amount You borrowed when You die or move into Long Term Care; or

5.4.2. If You have exercised the Interest Roll-up Option (see clause 7 of the Retirement Mortgage Terms) then, when You die or move into Long Term Care, You will not be liable for the difference if the value of Your Property is not sufficient to repay in full the additional interest added to Your Loan.

5.5. If You want to sell Your Property and use the money to repay Your Loan, You must Tell Us. We will write to You and tell You how much You owe. In order to benefit from this guarantee, You must comply with the following criteria:

5.5.1. You must notify Us not less than 14 days prior to the expected date of exchange of contracts on the sale of Your Property that the agreed sale price is expected to be less than Your outstanding Loan balance;

5.5.2. You must have kept Your Property in a good state of repair (see clause 14 of the General Terms); and

5.5.3. Your Property must have been sold on the open market in an arm’s length transaction, at a fair market price.

5.6. If We expect to incur a loss under the no negative equity guarantee, We reserve the right to obtain an independent valuation (at Our cost) of Your Property to ascertain its market value.

5.7. The no negative equity guarantee will not apply:

5.7.1. if You repay Your Loan (in full or in part) before it becomes due for repayment;

5.7.2. in respect of any costs that We have incurred as a result of You breaching these Terms and Conditions (see section E);

5.7.3. in respect of any arrears relating to Your Loan; or

5.7.4. if You have failed to comply with clause 5.5 of the General Terms.

In these circumstances You will need to reimburse Us for any shortfall occurring between the sale proceeds and the amount of the Loan outstanding (including an Early Repayment Charge, if applicable) to the extent to which We consider such shortfall is directly attributable to your Breach.

Section C - Changes You must tell Us about

6. Changes in Your personal circumstances

Your Loan, and Your entitlement to it was based on Your circumstances at the time of application. Changes in Your circumstances may affect Your Loan. Please inform Us of any changes. Please make suitable arrangements for Your estate to inform Us of relevant changes in the event of Your death.

6.1. In the case of joint borrowers, You must tell Us when the first borrower dies.

6.2. You must tell Us if You want to remove someone from the Loan (for example, if You divorce). Whether You will be able to do so will depend on whether You meet the Loan eligibility criteria after the change is made. Depending on the circumstances, You may have to repay some of the Loan. An Early Repayment Charge will not apply in these cases.

6.3. You must tell Us if You want to add someone else to Your Loan (for example if You marry, re-marry or enter a civil partnership). You will be able to do this provided that the other person meets the eligibility criteria for the Loan. Depending on the circumstances, You may have to repay some of the Loan. An Early Repayment Charge will not apply in these cases.

6.4. If You want someone else to live in Your Property, but You do not want to add them to Your Loan, You must first obtain Our prior written consent. This includes any persons who may live in Your Property from time to time on a continuous or frequent basis (including where they do so without paying any amount to You), including family members, Your children or other relatives and anyone else who meets the conditions for the purposes of their name being recorded on the electoral roll. In any event this individual To be - will be required to sign an occupier's waiver should they continue to live in Your Property. Furthermore, it is Your responsibility to ensure that any such person is aware that Your Property is subject to the Mortgage Deed, that Your Property may be sold to repay the Loan, and that if this were to occur it would affect their ability to remain living in Your Property.

6.5. You will be responsible for any reasonable costs incurred in amending the terms of Your Loan to reflect a change in Your personal circumstances. These costs will be set out in the Schedule of Charges.

7. Selling or buying property

7.1. Your Property forms the Security against Your Loan. You must not sell or otherwise dispose of, give away, or transfer title to any part of Your Property (a "**Disposal**") without Our prior written consent.

7.2. We may, in the exercise of Our sole discretion, refuse to give consent to such Disposal if We reasonably consider that it would result in a reduction of the value of Your Property affecting Our Security such that We could no longer expect to recover the amount of Your outstanding Loan balance. If We consent to a Disposal of any part of Your Property, You may be required by Us to repay some or all of Your Loan.

7.3. If You intend to buy additional land or property (whether adjoining or separate to Your Property), You must inform Us in advance and, where it adjoins Your Property, We may require that any such

additional land or property You buy is included in Your existing Agreement with Us, depending on the circumstances and the nature of Your additional land or property, We may require a Mortgage Deed on this additional land or property as additional security for Your Loan. We will explain to You if this is the case, and Our reasons for requiring the additional security. You must sign a suitable deed which We will provide for this purpose. You will be liable for any reasonable costs that We incur, We will inform You of these costs.

7.4. If Your Property is leasehold, and You buy the landlord's interest or a share of that interest, You must inform Us. In this eventuality You agree that, if we so request, this additional interest will be included in Your existing Agreement with Us, You must tell Us if You buy the landlord's interest or a share of that interest. Depending on the circumstances and nature of the interest You buy, We may require a Mortgage Deed on the interest or an assignment of the share as additional security for Your Loan. We will explain to You if this is the case, and Our reasons for requiring the additional security. You must sign a suitable deed which We will provide for this purpose. You will be liable for any reasonable costs that We incur, We will inform You of these costs.

7.5. If Your Property is leasehold, and You acquire a shareholding in the management company that manages Your Property, You will agree to Us taking a charge over that shareholding, and You will consent to Us transferring that shareholding to a new owner if We are ever required to sell Your Property.

8. Transferring Your Loan on moving home

8.1. Your Loan is portable such that You can transfer Your Loan to a new property if the following conditions are met:

8.1.1. the new property must meet any conditions required by Us as applying at the time of Your move and be a suitable security for Your Loan;

8.1.2. if the new property is of a lower value to the existing Property, You have made any repayments required in order to keep the balance of Your Loan within Our eligibility criteria at the time. Early Repayment Charges do not apply in respect of any amount repayable; and

8.1.3. You will be liable for all costs incurred in moving home, including Our solicitor's fees, even if the move does not complete. These costs will be set out in Your Mortgage Offer and the Schedule of Charges.

9. Renting or letting Your Property

9.1. You are not entitled to rent or let Your Property without Our prior written consent.

9.2. Consent to renting or letting Your Property will only be given by Us if (at Our complete discretion) We consider that it does not affect Our rights and risks in relation to the Loan under the Agreement. As a condition of giving consent We may impose reasonable conditions.

9.3 For the avoidance of doubt, a breach of this requirement is an Event of Default for the purposes of Section E.

10. Borrowing from other sources

10.1. You must obtain Our consent before taking out another mortgage or loan from a different lender secured on Your Property.

10.2. If another charge is placed against Your Property, whether with or without Your knowledge or consent, You may not be entitled to any additional borrowing from Us (as described in clause 4 above).

Section D - Your Property

11. Residence

11.1. Your Property must be Your main residence and must continue to be Your main residence for the duration of Your Loan. You must inform Us immediately if You move out of Your Property as this is likely to affect Your eligibility for Your Loan.

11.2. You must not leave Your Property unoccupied for more than six consecutive months.

11.3. You must not carry on any business, trade or enterprise from Your Property without Our prior written consent.

12. Property maintenance, repair or alteration

12.1. You must maintain Your Property in a good state of repair. We reserve the right to inspect Your Property at any time (which We will arrange with You at a mutually convenient date and time) subject to at least one month's written notice of Our intention to inspect, unless it is an emergency, or We reasonably consider it necessary to do so sooner.

12.2. If Our inspection identifies a material defect that needs repair, We will write to You setting out the repairs required, and a proposed deadline to complete the work (the "**Required Works**"). A material defect is one that, in Our opinion, adversely affects the value of Your Property, and is not simply a cosmetic or superficial matter.

12.3. If You fail to agree to either (i) undertake the Required Works; or (ii) to complete the Required Works by a reasonably agreed deadline, this will constitute a breach of these Terms and Conditions (see Section E). In these circumstances We reserve the right, at Our discretion, to arrange for the Required Works to be carried out.

12.4. If We exercise Our right in clause 12.3 of the General Terms, We will obtain three quotes for the Required Works, and select the most appropriate based on price (which need not be the lowest), reputation and experience. You will remain liable for the reasonable costs of completing the Required Works.

12.5. You must not undertake any significant alterations to Your Property that are of a structural nature, or materially affect the nature and use of Your Property without Our prior written consent.

For example, You must not do any of the following without Our consent: (i) construct an extension, convert a garage or loft or otherwise increase or reduce the number of bedrooms; (ii) remove any internal walls or install cavity wall insulation; or (iii) materially change the use of rooms (e.g. by installing a shopfront or office area).

12.6. Before We give Our consent, We will need to be satisfied that all planning issues, and obligations contained in Your title deeds, have been complied with. You will be responsible for the costs of preparing reports, plans or opinions that are required before We give Our consent.

13. Insuring Your Property

13.1. You must at all times keep Your Property insured for a buildings sum insured of not less than the amount specified in the valuation report prepared on Your Property at the time Your Loan is taken out (or any more recent valuation as prepared by Us). This building sum insured must increase each year thereafter in line with inflation. The insurance will need to cover risks as determined by Us and against all usual house insurance risks (including but not limited to fire, explosion, earthquake, storm, flood, escape of water or oil, subsidence, heave, landslip and malicious damage).

13.2. You must not do anything that may result in Your buildings insurance becoming invalid.

13.3. If You make a claim on Your insurance policy, You must use the monies to repair or replace any damaged parts of Your Property, and ensure it is in a good state of repair in accordance with Your obligations under clause 12 of the General Terms.

13.4. You must provide Us with details of Your insurance if We request them at any time during the term of Your Loan. If We become aware that Your buildings insurance has lapsed or has been cancelled, We will request confirmation that You have made alternative insurance arrangements. If You fail to satisfy Us that Your Property is adequately insured, We reserve the right, at Our discretion, to insure Your Property Ourselves and if We do put cover in place it will be for Our benefit only such that You will have no right of claim against that insurance. You will remain liable for the costs We incur in insuring Your Property on Your behalf.

14. Property Ownership Costs

14.1. You must pay all costs and outgoings arising on Your Property throughout the term of Your Loan including but not limited to any rent, service charges, utilities and taxes payable, and You must pay these punctually.

14.2. If as a result of Your failure to pay such costs and outgoings Our Security is at risk, We reserve the right to pay such liabilities to protect Our Security, but You will remain liable for these costs.

Section E - Breaches and Default

15. Failure to comply with these Terms and Conditions

15.1. If a court order is made against You and We consider (at Our complete discretion) that it will affect Our Security or Our rights under the Agreement, or it will affect the value of Your Property, this will constitute a breach of these Terms and Conditions. In this circumstance the Loan will become immediately repayable with all rights reserved by Us.

15.2. If We find out that some of the information on which Your Loan was based was false or misleading, then We may require You to repay Your Loan in full.

15.3. If Your Property (or any part of it) becomes the subject of a compulsory purchase order (or is otherwise requisitioned), then this will constitute an Event of Default and Your Loan will become immediately repayable in full.

15.4. If You do not comply with these Terms and Conditions, We will treat this as a breach of the Agreement (a "**Breach**").

15.5. Once a Breach has been identified by Us We will have the right, but are not obliged, to take such action as We consider appropriate to try to remedy the Breach and to pass on the costs of this onto You. We may take professional advice at Your expense where We reasonably consider that the Breach may need to be remedied to prevent damage to Your Property. You will permit Us and We reserve such rights as We (including Our agents) have in law to enter Your Property if We need to remedy a Breach.

15.6. Subject to clause 15.5 of the General Terms, Our first course of action will be to discuss with You how You should remedy the Breach and to give You the opportunity to do so.

To remedy a Breach, it is likely that You will have to either: (i) stop doing something that was not allowed under these Terms and Conditions (for example to stop using Your Property for business purposes); or (ii) do something that You were meant to do to comply with these Terms and Conditions (such as undertaking some repairs on Your Property to keep it in a good state of repair).

15.7. The time We allow before taking any further action will typically be three months from the date the Breach is identified and discussed with You, unless there is a risk of damage occurring to Your Property by a failure to remedy the Breach in a shorter timeframe.

15.8. We will consider any Breach in light of Your individual circumstances and We will always aim to be fair in Our dealings with You and will comply with regulatory and statutory requirements (as they may change from time to time) in respect of this.

15.9. The severity of a Breach will be assessed based on the impact it has on the value of Your Property and therefore the ability for Your Loan to be repaid in full.

15.10. You are responsible for the costs of remedying a Breach. You should be aware that if You cannot afford to do so, there is a risk that there will be an Event of Default (as defined in clause 16.1 of the General Terms). The consequences of such Events of Default are set out in clause 16 of the General Terms.

15.11. We will add any costs incurred by Us in remedying a Breach to Your Loan. You must reimburse these costs to Us.

16. Default

16.1. If You fail to remedy a Breach in accordance with clause 15 of the General Terms, this will be deemed to be an event of default of Your obligations under the terms of the Agreement (an “**Event of Default**”).

16.2. If an Event of Default occurs, We will have the following rights:

16.2.1. to do whatever it is that You have not done to remedy the Breach (but were obliged to do);

16.2.2. to remove the no negative equity guarantee;

16.2.3. to immediate repayment of Your Loan, and with the right to continue to charge interest at the Interest Rate until Your Loan is repaid; and

16.2.4. to take legal action to repossess and sell Your Property, and to use the Proceeds of Sale to repay Your Loan.

We will only exercise these rights where We have, or We have reasonably attempted to have, given You written notice of Our intention to do so.

You will lose the right to live in Your Property if it is repossessed.

16.3. If Your Property is in England or Wales and We need to take possession and sell Your Property in order to repay Your Loan, We have the right to appoint a Receiver to do this (as further detailed in clause 17 of the General Terms).

16.4. We, and the Receiver (when appointed) reserve the right to execute any documents necessary to sell Your Property.

16.5. If Your Property is in Scotland and We need to take possession and sell Your Property in order to repay Your Loan, We reserve the right to execute any documents (including on Your behalf) necessary to sell Your Property.

16.6. We may decide to let Your Property instead of selling it but if We do so, it will be for a period of no more than six months and any money We receive will be at market rates at the time and will be used in the following order:

16.6.1 First, for outgoings on Your Property;

19.6.2 Secondly, repairs and maintenance; and

16.6.3 Thirdly, repayment of Your Loan.

16.7. When Your Property is sold, We will use all of the Proceeds of Sale as required to clear Your Loan and any costs We have incurred on Your behalf. Any monies left over will be paid to You.

16.8. If there are any personal belongings in Your Property at the time it is repossessed, We may remove these belongings in order to sell Your Property. We may either sell these belongings or store them on Your behalf. If We sell them, We will use these monies to reduce Your Loan balance. If We store them, You will be responsible for the costs of storage.

17. Appointment of a Receiver

17.1. The Law of Property Act 1925 gives Us the right to appoint a Receiver over Your Property situated in England and Wales. Where We appoint more than one, they will act jointly and severally.

17.2. We may give any Receiver We appoint such powers and authorities as We think necessary or appropriate. The Receiver may exercise any right or power We consider necessary. If We do this, We will not be regarded as a mortgagee in possession of Your Property.

17.3. Any Receiver We appoint will be regarded as Your agent and We will not be responsible for their actions and omissions, but You alone will be.

17.4. We are entitled to give the Receiver the relevant power and authority to sell Your Property. You will be responsible for the Receiver's actions and the reasonable costs incurred by the Receiver.

17.5. We may agree payments to any Receiver We appoint although You will be responsible for making those payments to the Receiver.

17.6. Where We appoint a Receiver, We may take out any indemnity insurance reasonably required by the Receiver in connection with their appointment. You will be responsible for the cost of this.

17.7. At any time after taking possession of Your Property or appointing a Receiver We may give up possession or cancel the Receiver's appointment. If We decide to do this, We will tell You as soon as possible.

18. Recovery of costs

18.1. We reserve the right to recover from You all costs that We reasonably incur resulting from You being in Breach or Default of Your obligations. These include (but are not limited to):

18.1.1. the costs of any legal proceedings in connection with Your Loan or Your Property (whether brought by or against You or anyone else);

18.1.2. the costs of valuing or inspecting Your Property;

18.1.3. the costs We pay to recover any money You owe Us or to create or protect Our Security or in exercising Our rights and powers in accordance with the Agreement;

18.1.4. costs resulting from any Breach of any of these Terms and Conditions including any costs We incur in putting right any Breach in accordance with these Terms and Conditions;

18.1.5. Our costs in arranging any insurance on Your Property;

18.1.6. any administration fees We charge for any work We do in connection with Your Loan; and

18.1.7. any value added tax, insurance premium tax or other properly chargeable taxes in relation to recoverable costs.

18.2. Interest will be charged at the Interest Rate (as set out in section 8 of Your Mortgage Offer) on all costs incurred pursuant to this clause.

Section F - Communication with Us

19. Making changes to Your Loan

19.1 You may give Us instructions to request changes to Your Loan by phone or in writing. All contact should be to Our contact details as set out at the end of these Terms and Conditions and as may be updated from time to time on Our website www.hodgebank.co.uk/contact-us.

19.2 You allow Us to undertake reasonable steps to check Your identity before discussing Your Loan with You and before We act upon Your instructions. **Once We have acted upon Your instructions, these may not be cancelled.**

19.3 **Further if We have reasonable grounds to do so We may refuse or delay acting upon Your instructions.** We will not be responsible to You for any loss incurred by You resulting from any refusal or delay, provided We acted reasonably and in accordance with the prevailing laws and regulations.

Please inform Us as soon as possible if any of the following events happens: (i) You re-marry, divorce or change your name; (ii) You stop living in Your Property or using it as Your main residence; (iii) someone else moves in with You; (iv) You alter Your Property significantly or how it is used; (v) either borrower dies; (vi) You appoint a power of attorney; (vii) You change Your bank details and We can no longer collect direct debits; (viii) You spot an error on Your Loan statements; and (ix) You experience financial difficulties.

Section G - Other Terms and Conditions

20. Governing law, jurisdiction and severability

20.1 If Your Property is located in England or Wales, the Agreement shall be governed by the laws of England and Wales and the courts of England & Wales shall have exclusive jurisdiction.

20.2 If Your Property is located in Scotland, the Agreement shall be governed by the laws of Scotland and the courts of Scotland shall have exclusive jurisdiction.

20.3 Each of the provisions of the Mortgage is severable and distinct from the others. If any part of the Agreement is found to be invalid, illegal or unenforceable, this will not affect any other parts of the Agreement and these shall remain in force.

21. Power of Attorney

21.1 As security for Your obligations under the Agreement You irrevocably appoint Us, and any Receiver appointed by Us as referred in clause 17 of the General Terms, together and individually to be Your attorney in Your name and on Your benefit to execute and deliver any deed or document, exercise any rights or powers which You have in respect of Your Property and the Agreement.

21.2 This power of attorney will end when the Loan is repaid in full or when We otherwise agree in writing to accept a sum that is less than the Loan amount owed and that sum has been paid to Us.

22. Changes to Your Agreement

22.1 We reserve the right to make all reasonable changes to the Agreement in the following circumstances:

22.1.1 to make the Terms and Conditions clearer or more favourable to You;

22.1.2 to correct any obvious error that might be found during Our own reviews;

22.1.3 to respond proportionately to events outside Our control so as to ensure legal and regulatory compliance, including but not limited to:

22.1.3.1. any changes in any applicable UK or European legislation;

22.1.3.2 any changes mandated by order of a UK court or any other regulatory or competent authority; or

22.1.3.3. any changes to other applicable law or regulation.

22.2. We will write to You at least 14 days before We make any changes, unless the change in law or regulation requires Us to make the change in a shorter period of time.

23. Giving Notice

23.1. We will write to You to serve any notices needed under the Terms and Conditions or the Agreement. Any correspondence will be sent to You at Your Property. Where we serve any demand or notice by post it will be deemed served on You 48 hours after posting.

23.2 You must also write to Us to give Us any notices using the details available in the "How to Contact Us" clause at the end of these Terms and Conditions.

24. Joint and several obligations

24. If You have borrowed jointly then the Agreement applies to both of You together and each of You separately in full. This means that (i) both of You together are responsible for all Your obligations under the Agreement; and (ii) each of You are individually fully responsible for all Your obligations in accordance with the Agreement.

25. Rights of Third Parties

25. A person who is not a person named in the Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (or where Your Property is in Scotland, the Contract (Third Party Rights) (Scotland) Act 2017) to enforce any terms of the Agreement, and except as expressly provided in the Agreement there is no intention for any person who is not a person named in the Agreement to have any rights to enforce its terms.

26. Information supplied by You or Your adviser

26. You must ensure that any information given to Us is accurate. We reserve the right to amend the amount or terms of Your Loan if We find out that it has been set up based on incorrect information.

This may result in You having to repay some or all of Your Loan.

27. Assignment

27.1. We may assign, sell or otherwise transfer Our rights and/or obligations under the Agreement to another party. Your rights and obligations will be unaffected by such a transfer.

27.2. By entering into the Agreement, You consent to the transfer of Our rights without any further consent being required from You. You will be bound to any person that We transfer such rights to. That person will have Our powers and rights so far as We transfer these to that person. We will be released automatically from Our obligations to You so far as that person assumes Our obligations.

27.3. You agree that We may provide any party to which We may assign under this clause 27, any information relating to You, the Agreement, Your Property and any other information which We reasonably consider necessary in connection with an actual or potential assignment, sale or transfer.

28. Security checks

28. We reserve the right at any time to request of You any reasonable supporting documentation in order to confirm and/or verify: (i) Your identity or that of Your executors or personal representatives; (ii) the details and accuracy of any transaction.

29. Fraud Prevention

29.1. If false or inaccurate information is provided and fraud is identified, We will record this and may pass details to fraud prevention agencies and other organisations involved in crime and fraud prevention. It may be used by other law enforcement agencies.

29.2. We and other organisations may access and use this information to prevent fraud and money laundering for example, when checking details of applications for credit or credit related facilities or details on proposals and claims for insurance, managing credit or credit related accounts or facilities, recovering debt, or checking details of job applicants and employees.

29.3. For further details on relevant fraud prevention agencies, please contact Us at **0800 731 4076**.

30. Use of Your information by Us and Fraud Prevention Agencies

30.1. When You apply for a mortgage account We will collect personal data from You. We will use that personal data to deliver Our contract with You, to keep You informed of information about Your Loan and to provide Our services to You. We may also have to use Your personal data as required by law. Full details of how Your data will be used, managed and processed by Us is included in Our Privacy Policy. If You require more detail on how We handle Your data, please go to www.hodgebank.co.uk/privacy or call **0800 289 358**.

30.2. When You apply for a mortgage account, We check Our records and the records of credit reference and fraud prevention agencies about You and others.

30.3. We receive both public (including the electoral register) and shared credit and fraud prevention information. We make checks such as assessing Your application for verifying identities to prevent and detect crime and money laundering. We reserve the right to make further periodic searches to manage Your account with Us.

30.4. You have borrowed from Us and do not make payments that You owe Us, We will trace Your whereabouts and recover debts.

31. Standard Securities in Scotland

31. Where the Loan is to be secured by a Standard Security over heritable property in Scotland, the standard conditions in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended, shall apply, subject to the variations set out in these Terms and Conditions.

How to Contact Us

If You have any queries or wish to contact Us in accordance with the terms of this Agreement, please:

- Write to **Hodge, One Central Square, Cardiff, CF10 1FS, UK;**
- Telephone Us on **0800 731 4076** between 8AM and 6PM. Please note, calls may be recorded or monitored for training purposes; or
- Send Your email to ***support@hodge.co.uk***.

Complaints

We hope You will be delighted with Our service. But, if We fall short and You wish to complain, please write to, email or telephone Our team, addressing correspondence for the Customer Service Manager at the address or email in the 'How to Contact Us' section.

We will send You an acknowledgement together with a copy of Our internal complaint handling procedure. If You are not happy with the outcome of Our investigation, You can then take the matter up with:

**The Financial Ombudsman Service,
Exchange Tower,
London
E14 9SR**

Tel: 0800 023 4567

www.financial-ombudsman.org.uk

Account Terms – additional terms applicable to specific accounts and products

Flexible Lifetime Mortgage

The following definitions have been used in the terms applicable to flexible lifetime mortgages only:

Cash Withdrawal Option means the amount that You may be entitled to borrow in future under the terms of Your Loan. The amount of the Cash Withdrawal Option is set out in section 14 of Your Mortgage Offer.

For more information on the Cash Withdrawal Option please see the 'Interest rates for cash withdrawals' section on the Hodge Bank website:

<https://hodgebank.co.uk/intermediaries/mortgages/equity-release/>

1. Terms of the Agreement and Loan repayment

1.1. The minimum repayment amount that We will accept in a single transaction is detailed within Your Mortgage Offer.

1.2. The maximum partial repayment that We will accept will be the amount that leaves a minimum balance on Your Loan at the date of the partial repayment of £10,000. Please refer to clause 5.2 of the General Terms in respect of Your options under the Flexible Repayment Option and clause 5.3 of the General Terms in respect of any Early Repayment Charges that may apply.

1.3. When We receive a partial repayment, We will allocate the amount on a pro-rata basis to the current balance of Your advance and any withdrawals made under Your Cash Withdrawal Option. Next, We will calculate any relevant Early Repayment Charges that apply to the advance and any withdrawals, and deduct these from the amount paid. We will then reduce Your Loan balance by the remaining amount. Each allocation will reduce both the capital outstanding and accrued interest by the same proportion.

When taking out Your Loan, the capital outstanding will be the initial Loan amount. In later years, for every 1% of the Loan balance You repay (after taking into account any Early Repayment Charges) this repayment will comprise a repayment of 1% of the capital amount, and 1% of the interest that has been added.

1.4. If You make a part repayment of Your Loan, including part repayments made under the Flexible Repayment Option (see clause 5.2 of the General Terms) We will not increase or reinstate Your Cash Withdrawal Option to reflect the amounts repaid.

1.5. If You withdraw further sums in the future using Your Cash Withdrawal Option, the interest rate applying to that withdrawal shall be Our prevailing Flexible Lifetime Mortgage interest rate on the date that those specific further sums are released to You. We will confirm this interest rate to You (as described in clause 2.1 of the General Terms).

2. Interest & Payments

2.1. Interest is calculated daily on the basis that each year has 365 days (even if it is a leap year). Interest is compounded and added to the Loan on a monthly basis on the first day of each calendar month. We start charging compounded interest from the start of the next month after the advance of Your Loan.

Compounded interest means that as interest accumulates, this interest will be added to the capital and interest amount owed each month and will also attract interest.

3. Cash Withdrawal Option

3.1. When You take out Your Loan, We will inform You of the amount of Your Cash Withdrawal Option. You can apply directly to Us at any time to withdraw additional amounts using Your Cash Withdrawal Option.

3.2. If You wish to withdraw additional amounts by using Your Cash Withdrawal Option, You must submit a request in writing. Upon receipt, We will consider Your application and determine whether We can advance the additional monies to You.

We will provide You with a standard form in order to request further amounts.

3.3. If We agree to advance additional amounts to You then, prior to sending the money, We will send You information including:

3.3.1. the interest rate applying to this advance (We will confirm this to You in writing following Your request to withdraw additional amounts under the Cash Withdrawal Option);

3.3.2. the effect on Your Loan of You borrowing more money;

3.3.3. the increase in the amount You will be able to repay under the terms of the Flexible Repayment Option (see clause 5.2 of the General Terms); and

3.3.4. where applicable, the 25 year Swap Rate applying to the withdrawal (see clause 7.6 of the Flexible Lifetime Mortgage Terms).

3.4. Upon receipt of the information referred to in the preceding clause You will have 21 days to consider this information. If You no longer wish to proceed with the withdrawal transaction, You are entitled to return the withdrawn monies to Us in full within the 21 day period. We will not charge interest on sums returned within this time period.

3.5. The minimum amount You may withdraw in a single transaction by using Your Cash Withdrawal Option is £1,000. The maximum amount You may withdraw is the remaining balance of Your Cash Withdrawal Option.

3.6. The Cash Withdrawal Option is not a guaranteed loan and We can decline to allow its withdrawal at any time. We will always decline its withdrawal if You are in breach of these Terms and Conditions.

3.7. If We decline to allow withdrawals from Your Cash Withdrawal Option other than where You are in breach of these Terms and Conditions (see clause 3.6 of the Flexible Lifetime Mortgage Terms) and You decide to repay Your Loan in full, We will not charge You any Early Repayment Charges that could otherwise apply. We will also waive the repayment administration fee as set out in the Schedule of Charges in these circumstances.

4. Retention

4.1. If You want Us to release any Retention monies, You must send Us appropriate confirmation that the repair work or other matters subject to a Retention have been completed.

As an example, we would expect to see an invoice from a reputable contractor confirming the work carried out.

4.2. Once We are satisfied that the work has been completed or the Condition has been satisfied, We will release the Retention and advance the monies to You. These monies will be added to Your Loan and will start accruing interest from the date they are released to You.

4.3. We reserve the right to inspect (including by an authorised agent on Our behalf) any work undertaken on Your Property to satisfy any Condition Ourselves before We agree to release a Retention and advance monies to You.

4.4. You will not be able to exercise Your Cash Withdrawal Option if any Conditions are not satisfied.

5. Flexible Repayment Option

5.1. If You withdraw additional amounts by using Your Cash Withdrawal Option, We will increase the amount You are entitled to repay in each year by 10% of the amount withdrawn. We will confirm the details of Your re-calculated Flexible Repayment Option amount when We send You confirmation of Your withdrawal.

6. Repayments which do not attract Early Repayment Charges in addition to those contained in clause 5.3 of the General Terms

6.1. You will not incur Early Repayment Charges if You repay all or part of Your Loan in the following circumstances:

6.1.1. where full repayment of Your Loan is made if We decline to allow withdrawals from Your Cash Withdrawal Option; or

6.1.2. full or partial repayment is made and the youngest borrower is aged 90 or more on the date of repayment.

7. Repayments attracting Early Repayment Charges

7.1. Early Repayment Charges are made up of either:

7.1.1. a fixed Early Repayment Charge; or

7.1.2. a fixed Early Repayment Charge and a variable Early Repayment Charge.

7.2. Your Mortgage Offer will set out what Early Repayment Charges are applicable.

7.3. Early Repayment Charges will not apply to:

7.3.1. early repayments made in accordance with the Flexible Repayment Options set out within clause 5.2.1 and 5.2.2 (subject to clause 5.2.3) of the General Terms; and

7.3.2. early repayments which do not attract Early Repayment Charges, as set out within clause 5.3 of the General Terms or clause 6.1 of the Flexible Lifetime Mortgage Terms.

7.4. A fixed Early Repayment Charge will apply to all early repayments of Your Loan, being the initial cash sum and any subsequent withdrawals made using Your Cash Withdrawal Option (whether repaid in whole or in part), as set out in section 13 of Your Mortgage Offer.

7.5. If a variable Early Repayment Charge applies, it will apply to all early repayments of Your Loan, being the initial cash sum and any subsequent withdrawals made using Your Cash Withdrawal Option (whether repaid in whole or in part) as set out in section 13 of Your Mortgage Offer and clauses 7.6, 7.7 and 7.8 below.

We put in place fixed rate funding to match the duration of Your fixed rate Loan. This charge is calculated to reflect the cost of the mis-match that arises if You repay Your Loan earlier than We expected and is a factor of the estimated term on Your Loan, and any fall in the 25 year Swap Rate.

7.6. We will calculate the variable Early Repayment Charge separately for the initial cash sum and any subsequent withdrawals made using Your Cash Withdrawal Option. A different 25 year Swap Rate may apply to each withdrawal You make, depending on prevailing interest rates at the time of each

withdrawal. For more information please contact Your financial adviser or go to www.hodgebank.co.uk/swaprates

7.7. We will guarantee the amount (expressed as a cash value) of the variable Early Repayment Charge for two weeks from the calculation date. If the 25 year Swap Rate increases or stays the same over the period that Your Loan is outstanding, the result of the variable Early Repayment Charge calculation will be zero. If the 25 year Swap rate decreases over the period that Your Loan is outstanding, the variable Early Repayment Charge will decrease.

7.8. The 25 year Swap Rate shall be set on a monthly basis, on the first working day of each month. We reserve the right to nominate an alternative reference for determining the long term interest rate should the 25 year Swap Rate cease to be published, or the basis of its formulation changes. For more information please contact Your financial adviser or go to www.hodgebank.co.uk/swaprates.

Please ask Us at any time to confirm the swap rates that apply to Your Loan.

8. Changes in Your personal circumstances (please also refer to clause 6 of the General Terms)

8.1. If You want to add someone else to Your Loan and the other person is younger than You, the amount of funds available to be withdrawn under Your Cash Withdrawal Option may be reduced and We may require You to repay part of Your Loan. We will not charge any Early Repayment Charges if this is the case.

8.2. If You want to add someone else to Your Loan and the other person is younger than You, We may require You to repay part of Your Loan. We will not charge any Early Repayment Charges if this is the case.

9. Transferring Your Loan on moving home

9.1. Your Loan is portable and You can transfer Your Loan to a new property if the following conditions are met:

9.1.1. the new property must meet any conditions required by Us applying at the time of Your move and be a suitable security for Your Loan; and/or

9.1.2. if the new property is of a lower value to Your Property, You have made any repayments required in order to keep the balance of Your Loan within Our eligibility criteria at the time. Early Repayment charges do not apply in respect of any amount repayable;

9.2. If You move home and transfer Your Loan to a new property:

9.2.1. the amount of funds available to be withdrawn under Your Cash Withdrawal Option may be reduced; and

9.2.2. You will be liable for all costs incurred in moving home, including Our solicitor's fees, even if the move does not complete.

9.3. In the event that You wish to move home but do not wish to transfer Your Loan to the property You purchase, You will be required to repay the Loan in full.

10. Breaches and Default

10.1. If a Breach results from Your failure to comply with any conditions required by Us (see clause 3 of the General Terms), and the condition in question was covered by a Retention, We will add any costs incurred by Us in remedying a Breach, but these costs are not covered by an existing Retention against

Your Loan. In these circumstances You will no longer be eligible to receive a Retention.

10.2. If We are required to incur other costs to remedy a Breach, but these costs are not covered by an existing Retention, We may delay releasing a Retention to You until the work required to remedy the Breach has been completed or You must reimburse these costs to Us.

Lump Sum Lifetime Mortgage

1. Terms of the Agreement and Loan repayment

1.1. The minimum repayment amount that We will accept in a single transaction is detailed within Your Mortgage Offer.

1.2. The maximum partial repayment that We will accept will be the amount that leaves a minimum balance on Your Loan at the date of the partial repayment of £10,000. Please refer to clause 5.2 of the General Terms in respect of Your options under the Flexible Repayment Option and clause 5.3 of the General Terms in respect of any Early Repayment Charges that may apply.

2. Interest & Payments

2.1. Interest is calculated daily on the basis that each year has 365 days (even if it is a leap year). Interest is compounded and added to the Loan on a monthly basis on the first day of each calendar month. We start charging compounded interest from the start of the next month after the advance of Your Loan.

Compounded interest means that as interest accumulates, this interest will be added to the capital and interest amount owed each month and will also attract interest.

3. Retention

3.1. If You want Us to release any Retention monies, You must send Us appropriate confirmation that the repair work or other matters subject to a Retention have been completed.

As an example, we would expect to see an invoice from a reputable contractor confirming the work carried out.

3.2. Once We are satisfied that the work has been completed or the Condition has been satisfied, We will release the Retention and advance the monies to You. These monies will be added to Your Loan and will start accruing interest from the date they are released to You.

3.3. We reserve the right to inspect (including by an authorised agent on Our behalf) any work undertaken on Your Property to satisfy any Condition Ourselves before We agree to release a Retention and advance monies to You.

4. Repayments which do not attract Early Repayment Charges in addition to those contained in clause 5.3 of the General Terms

4.1. You will not incur Early Repayment Charges if full or partial repayment is made and the youngest borrower is aged 90 or more on the date of repayment.

5. Repayments attracting Early Repayment Charges

5.1. Early Repayment Charges are made up of either:

5.1.1. a fixed Early Repayment Charge; or

5.1.2. a fixed Early Repayment Charge and a variable Early Repayment Charge.

5.2. Your Mortgage Offer will set out what Early Repayment Charges are applicable.

5.3. Early Repayment Charges will not apply to:

5.3.1. early repayments made in accordance with the Flexible Repayment Options set out with in clause 5.2.1. and 5.2.2 (subject to clause 5.2.3) of the General Terms; and

5.3.2. early repayments which do not attract Early Repayment Charges, as set out within clause 5.3 of the General Terms or clause 4 of the Lump Sum Lifetime Mortgage Terms.

5.4. A fixed Early Repayment Charge will apply to all early repayments of Your Loan (whether repaid in whole or in part) as set out in section 13 of Your Mortgage Offer.

5.5. A variable Early Repayment Charge may apply to all early repayments of Your Loan, (whether repaid in whole or in part) as set out in section 13 of Your Mortgage Offer and clauses 5.6, 5.7 and 5.8 below.

We put in place fixed rate funding to match the duration of Your fixed rate Loan. This charge is calculated to reflect the cost of the mis-match that arises if You repay Your Loan earlier than We expected and is a factor of the estimated term on Your Loan, and any fall in the 25 year Swap Rate.

5.6. Your Mortgage Offer will set out what Early Repayment Charges are applicable.

5.7. We will guarantee the amount (expressed as a cash value) of the variable Early Repayment Charge for two weeks from the calculation date. If the 25 year Swap Rate increases or stays the same over the period that Your Loan is outstanding, the result of the variable Early Repayment Charge calculation will be zero. If the 25 year Swap rate decreases over the period that Your Loan is outstanding, the variable Early Repayment Charge will decrease.

5.8. The 25 year Swap Rate shall be set on a monthly basis, on the first working day of each month. We reserve the right to nominate an alternative reference for determining the long term interest rate should the 25 year Swap Rate cease to be published, or the basis of its formulation changes. For more information please contact Your financial adviser or go to www.hodgebank.co.uk/swaprates.

Please ask Us at any time to confirm the swap rates that apply to Your Loan.

6. Change in Your personal circumstances (please also refer to clause 6 of the General Terms)

6. If You want to add someone else to Your Loan and the other person is younger than You, We may require You to repay part of Your Loan. We will not charge any Early Repayment Charges if this is the case.

7. Transferring Your Loan on moving home

7.1. Your Loan is portable and You can transfer Your Loan to a new property if the following conditions are met:

7.1.1. the new property must meet conditions required by Us applying at the time of Your move and be a suitable security for Your Loan;

7.1.2. if the new property is of a lower value to Your Property, You have made any repayments required in order to keep the balance of Your Loan within Our eligibility criteria at the time.

Early Repayment charges do not apply in respect of any amount repayable; and

7.2. If You move home and transfer Your Loan to a new property, You will be liable for all costs incurred in moving home, including Our solicitor's fees, even if the move does not complete.

7.3. In the event that You wish to move home but do not wish to transfer Your Loan to the property You purchase, You will be required to repay the Loan in full.

8. Breaches and Default

8.1. If the Breach results from Your failure to comply with any conditions required by Us (see clause 3 of the General Terms), and the condition in question was covered by a Retention, We will add any costs incurred by Us in remedying a Breach, but these costs are not covered by an existing Retention against Your Loan. You will no longer be eligible to receive a Retention.

8.2. If We are required to incur other costs to remedy a Breach, but these costs are not covered by an existing Retention, You must reimburse these costs to Us.

Retirement Mortgage

The following definitions have been used in the terms applicable to retirement mortgages only:

Agreed Payment Date means the payment date in relation to Your Loan set as the 1st day of each month. You can ask Us to change the payment date to 8th, 15th or 21st of each month.

Nominated Bank Account means the bank account You provide details of to Us for payment and direct debit collection in relation to Your Loan.

SVR means Our standard variable interest rate which can be found by visiting Our website: www.hodgebank.co.uk/svr

1. Repayments attracting Early Repayment Charges in respect of Retirement Mortgages only

1.1. An Early Repayment Charge will apply to all early repayments of the Loan amount not covered by clause 5.2 of the General Terms (whether repaid in whole or in part) as set out in section 13 of Your Mortgage Offer.

2. Interest

2.1. If the interest rate is a fixed rate, Your monthly payments will not vary during the period that this rate applies. When the fixed rate period comes to an end, Your Loan will move onto Our SVR, which will move in line with changes We may make to the SVR in accordance with clause 3 of the Retirement Mortgage Terms.

2.2. You will incur interest on the capital amount outstanding, and on any unpaid monthly payments from the first day of the month after the month in which Your payment became due. Details of Your monthly payments will be set out in section 8 of Your Mortgage Offer.

2.3. The interest charged on Your Loan each month is the Loan amount multiplied by the quoted interest rate divided by 12. If We have to calculate interest for part of a month, it will be calculated on a daily basis.

3. Standard variable rate

3.1. If a fixed rate or discount period has come to an end, the interest rate applying to Your Loan will be Our SVR.

3.2. The SVR may be increased or reduced at any time. If the SVR is increased, Your payments will go up. If the SVR is reduced, Your payments will go down.

3.3. We will act reasonably in setting the SVR, and We will change the SVR only to reflect reasonable factors that affect Us, including the following:

3.3.1. Our costs of borrowing from other lenders, with no guarantee that where the Bank of England base rate changes the SVR will change by the same amount;

3.3.2. the costs We incur to administer Your Loan;

3.3.3. any changes in the law or regulatory requirements; and

3.3.4. significant changes in the economic environment which cause Us to incur additional costs or expose Us to additional risks.

3.4. We will give You reasonable notice in writing, of a change in the SVR if it affects Your Loan, and We will tell You what the new monthly payment will be. We will always endeavour to give You at least 10 working days' notice. There is no guarantee that just because the Bank of England base rate changes, the SVR will change by the same amount.

You can check what the SVR is at any time by visiting Our website: www.hodgebank.co.uk/svr or, alternatively, please call Us and We will be happy to assist.

4. Additional Borrowing

4. You may apply for additional borrowing at any time, but Your eligibility is not guaranteed and will depend on factors including but not limited to: the value of Your Property; the outstanding Loan balance; Your age; the condition of Your Property; Our assessment of the affordability of additional borrowing; and Our prevailing terms and conditions at the time You apply.

5. Payments - Collection and Allocation

5.1. Your monthly payments will be collected from Your Nominated Bank Account on the Agreed Payment Date each month and allocated directly against the interest that You owe for that month.

5.2. Depending on when Your Loan completes, Your first payment may be a part-payment, to reflect the period from the completion of Your Loan to the end of the first calendar month. Alternatively, this part-amount may be added to the first full monthly interest payment and collected in the first full month after completion.

5.3. An arrears fee will be payable for each month that You are in arrears of payments as set out in the Schedule of Charges. If monthly payments are in excess of the interest amount for that month because You have been in arrears, We will allocate the excess firstly to any interest arrears, next against additional interest accrued, next any third party costs that We have incurred, then against outstanding fees and charges on Your Loan.

Third party costs that We incur may include any professional fees (such as solicitors or valuers) that We have engaged in respect of Your Loan account, or payments that We have made to third parties on Your

behalf (such as any buildings insurance or service charges that were due).

5.4. If You wish to change Your Nominated Bank Account and Your Agreed Payment Date You must give Us reasonable notice.

5.5. The Agreed Payment Date may only be changed if the change does not cause a whole month to pass without payment falling due. If the Agreed Payment Date is changed, this may result in extra interest accruing for the period of the change, and You may need to make two interest payments in one month.

6. Overpayments

6.1. You may make additional payments on Your Loan in line with the Flexible Repayment Option, but Early Repayment Charges may apply (clauses 5.3 and 5.4 of the General Terms).

6.2. Payments can be made by sending Us a cheque or bank transfer. We will provide You with Our account details.

6.3. If Your Loan is on a variable rate of interest and this interest rate changes during the time that You are making regular additional payments, the monthly interest payment shall change but the additional payment shall stay at the same amount. As a result, the total amount of Your monthly payment will change. If this happens, You can review or stop Your regular additional payment at any time.

7. Interest Roll-Up Option

7.1. You will be entitled to exercise the Interest Roll-up Option on the later of when the youngest borrower reaches their 80th birthday or on the fifth anniversary of taking out the Loan. If the Interest Roll-up Option is exercised You will no longer have to pay the interest on Your Loan each month, but instead it will be added to the Loan.

7.2. You can choose to exercise the Interest Roll-up Option in full. Once You have exercised this option, You cannot reverse the decision, but You can continue to make overpayments.

7.3. Interest will be calculated on a daily basis, and compounded at the beginning of each month.

7.4. We may refuse Your request to exercise the Interest Roll-up Option if You are in breach of these Terms and Conditions at the time of Your request. In particular, We may refuse if You are in arrears.

8. Changes in Your personal circumstances (please also refer to clause 6 of the General Terms)

8.1. If You want to add someone else to Your Loan and the other person is younger than You, but You have not yet exercised the Interest Roll-up Option, that point at which You can exercise this option will be delayed until the youngest borrower reaches their 80th birthday.

8.2. If You want to add someone else to Your Loan and the other person is younger than You, and You have already exercised the Interest Roll-up Option, You may have to repay the interest that has rolled-up to that date, and start making interest payments once more.

9. Transferring Your Loan on moving home

9.1. Your Loan is portable and You can transfer Your Loan to a new property. If You have already exercised the Interest Roll-up Option and You decide to move to a lower value property, You may be required to make a one off higher part repayment in order that the loan to value ratio does not change.

10. If You are experiencing Financial Difficulties

10.1. You must tell Us immediately if You encounter financial difficulties and are having trouble making Your payments. If a payment is missed We will contact You to discuss the reasons for this and how We can help. If You fail to make payments on Your Loan as they are due, We will treat this as a breach of these Terms and Conditions and deal with it in accordance with Section E.

10.2. If requested, You must provide up to date information regarding Your income and outgoings for Us to consider Your ability to afford the Loan in future.

11. Use of Your information by Us, Credit Reference Agencies and Fraud Prevention Agencies

11.1. When a credit reference agency receives a search, they will place a search footprint on Your credit file that may be seen by others. We receive both public (including the electoral register) and shared credit and fraud prevention information. We make checks such as assessing Your application for credit and verifying identities to prevent and detect crime and money laundering. We reserve the right to make further periodic searches to manage Your account with Us.

11.2. If You make a joint application to Us or have a spouse or financial associate, We will link Your records as will credit reference agencies. You must ensure that You have their agreement to disclose information about them. You or Your partner can make an application to the credit reference agency to disassociate Your records.

11.3. We send information about Your application to credit reference agencies; this information will be recorded by them. If You subsequently borrow from Us, We will give details of Your accounts and how You manage them to credit reference agencies. If You do not repay Your Loan in full and on time, credit reference agencies will record outstanding debt. They may supply this information to other organisations to perform similar checks, to trace Your whereabouts and recover debts You owe. Records remain on file for six years after they are closed, whether settled or defaulted.

11.4. If You have borrowed from Us and do not make payments that You owe Us, We will trace Your whereabouts and recover debts.

How to find out more

You may also contact credit reference agencies as the information each holds about You may be different. Please note, they may charge a small statutory fee for handling such a request.

You may find yourself in a vulnerable position if a life event or specific need means you need additional support. At Hodge, we want to work with you to ensure you get the best possible outcome. If you think you'd benefit from talking to us so we can tailor the service we provide for you, please contact us using the details below.

Contact us:

0800 138 9109

mortgages@hodge.co.uk

www.hodge.co.uk

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