



Residential Mortgage

Terms and Conditions

Version 5.0



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Introduction



Mortgages created with your needs in mind.



These terms and conditions explain our obligations to you and your obligations to us.



Keep this document in a safe place for future reference.



Our specialist mortgages are built with your needs in mind.

These terms and conditions explain our obligations to you and your obligations to us and apply to all our residential products and services. If you would like to know more about the residential products and services we offer, please visit hodgebank.co.uk/mortgages/.

Keep this document in a safe place in case you need to refer to it in the future.

Thank you for choosing Hodge. Our specialist mortgages are built with your needs in mind and are designed to grow with you. If you have any questions, you can contact us using the details set out in the 'How to contact us' section at the end of these terms and conditions. These terms and conditions apply to your loan and form part of the contract between you and us.

We have not assessed the suitability of this mortgage for your individual needs and circumstances and have not provided you with advice or a recommendation. Our responsibility is limited to assessing your application against our lending criteria and regulatory requirements. If you have any questions about the advice you have received, please contact your mortgage adviser.

Mortgages are a lifelong commitment, so please make sure you read these terms and conditions and keep them in a safe place in case you need to refer to them in the future.

If you feel you need additional support for specific needs, or you've experienced a sudden change in your circumstances, we're here to help. To make managing your mortgage straightforward, we'll do our best to tailor our service to suit you.

You should read these terms and conditions alongside our mortgage offer and the other documents that make up the agreement, as defined below. By applying for any of our products and services, you agree to keep to these terms and conditions. Please take the time to read them carefully.

When it applies, we have included explanatory text, examples, summaries and illustrations. This text is shown in text boxes and is for your information only. It does not form part of these terms and conditions.

Section A

Definitions and interpretations



Definitions and interpretations



Section A

The headings used in these terms and conditions are for convenience only and are not intended to have any legal effect.

When we refer to something as being 'in writing' this includes written electronic communications (such as emails).

References to any law or regulation include updates and changes to that law or regulation, which may be made from time to time.

Choosing not to enforce any of these terms and conditions does not affect our rights. This includes any situations where you do not meet your obligations to us.

Throughout these terms and conditions we use a number of technical words and expressions. Wherever these are written in bold, they have the meanings set out below.

Agreement: The contract formed between you and us. The following documents make up the agreement:

- your mortgage offer that you signed when you accepted the loan;
- for property in England or Wales, the mortgage deed that gives us a legal claim over your property;
- for property in Scotland, the Standard Security that gives us a legal claim over your property;
- these terms and conditions; and
- the schedule of charges.

Agreed payment date: The date your loan payments are due. For repayment mortgages this date depends on your completion date. You can ask us to change a payment date in the month payment is due, as long as you give us at least 10 working days' notice.

Anniversary date: The date in each year that corresponds with the date we paid your loan to you.

Care professional: A medical practitioner, social worker or another professional responsible for your care.

Completion date: The date your loan is issued by us to you.

Early repayment charge: An amount we may charge you if you repay all or part of your loan early (see clauses 5.1 to 5.3 below).

Flexible repayment option: This allows you to make partial repayments on your loan without facing early repayment charges (see clause 5.4 below).

Interest-only mortgage: A type of mortgage where your payments are used to pay the interest on the loan and do not go towards repaying the amount you borrowed. At the end of the agreed term, you must repay your loan and any other mortgage debt you owe us (see clause 1.9 below).

Interest rate: The percentage of interest which applies to the agreement, as set out in section 4 of your mortgage offer.

Loan: Every amount we lend you at any time under the terms of this agreement, including the amount you initially borrowed, all interest charged and any additional fees, costs or charges that are added to your loan under these terms and conditions.

Long-term care: Care or supervision which:

- means you will be away from your property for more than 90 days in a row or for 90 days or more in total in any period of 180 days in a row; and
- is necessary due to your physical or mental health.

Mortgage deed: In England and Wales, the document you sign which 'secures' the total amount you owe us. This means it gives us a legal claim over your property, which may allow us to repossess the property if you don't keep to the terms of the agreement. In other words, your property is security for your loan.

Mortgage offer: The document that confirms we have accepted your application for a loan. It sets out the details of the loan and forms part of the agreement.

Nominated bank account: The bank account you tell us to collect direct debits from in relation to your loan. The account should be in your name, unless we agree otherwise. It cannot be a business bank account.

Offer conditions: Any conditions, requirements or actions (including deadlines) which relate to your loan and which you must meet.

Proceeds of sale: The price at which the property is sold, less any reasonable fees charged by solicitors and estate agents.

Property: The property described in your mortgage offer, including every part of the property and all fixtures and fittings.

Receiver: A person we appoint to manage and protect your property if it is at risk (for example if it is abandoned or the insurance isn't valid) or to get payment for a debt.

Regulatory authority: either of the Financial Conduct Authority or the Prudential Regulatory Authority or any successor in title.

Regulatory requirement: means any law, regulation, rule, guidance, order, direction or requirement of a regulatory authority applicable to us or to this agreement, as amended, replaced or re-enacted from time to time.

Repayment event: repayment event has the meaning set out in clause 1.2.

Definitions and interpretations



Section A

Repayment mortgage: A type of mortgage where your payments are used to gradually repay the amount you borrowed, plus interest, over the life of the mortgage (see clause 1.10 below).

Repayment year: The year between one anniversary date and the next (see clauses 5.4.1 and 5.4.2 below).

Schedule of charges: The document which sets out our standard fees and charges that apply. These charges reflect our reasonable costs of providing the administration services listed in the schedule. If we need to change any of these fees and charges, we will only do so in a way that is proportionate to the changes in our costs of providing the administration services. We will tell you about any changes to our fees and charges and send you a copy of the new schedule of charges.

Standard Security: In Scotland, the document you sign which 'secures' the total amount you owe us. This means it gives us a legal claim over your property, which may allow us to repossess the property if you don't keep to the terms of the agreement. In other words, your property is acting as security for your loan.

SVR: Our standard variable interest rate. You can find this on our website at www.hodgebank.co.uk/svr.

You, your: The person or people 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: Julian Hodge Bank Limited, trading as Hodge, which is registered in England and Wales (number 743437) and whose registered address is One Central Square, Cardiff, CF10 1FS. It also includes any person, firm or company claiming any right or interest from or through us and anyone we transfer your loan, these terms and conditions or the mortgage deed to.

Section B

Your Loan





Section B

1. Term of the agreement and repaying your loan

1.1 You agree that you will only repay your loan and any part of it in the way and at the times set out in the agreement.

1.2 You (or your executors or personal representatives if clause 1.2.1 below applies) must tell us straight away if a repayment event takes place or is likely to take place. The below (1.2.1 to 1.2.4) are repayment events:

1.2.1 You die (or for joint borrowers, the last borrower dies);

1.2.2 You move into long-term care (or for joint borrowers, the last borrower living in the property moves into long term care.;

1.2.3 You break these terms and conditions and we ask you to repay your loan in line with section E below; and

1.2.4 You sell your property and do not transfer your loan to another property.

1.3 For joint borrowers, when the last borrower living in the property dies, your executors or personal representatives must continue to meet the obligations set out in the agreement until your loan is repaid.

1.4 Once the repayment event (1.2.1 to 1.2.4) takes place, your loan must be **repaid in full within one year**.

1.5 If clause 1.4 applies and your loan is not repaid within one year, this will mean that these terms and conditions have been broken and we will deal with this in line with section E below.

1.6 You can repay your loan, in full or in part, at any time. However, you may have to pay an early repayment charge, as set out in section 8 of your mortgage offer. **We will not charge an early repayment charge if your loan is repaid in full**

following one of the events set out in clauses 1.2.1, 1.2.2 or 1.2.3 above.

We will charge an early repayment charge if your loan is repaid in full following the event set out in clause 1.2.4.

1.7 If you tell us you have moved into or may move into long-term care, we may ask a care professional to sign a certificate to confirm that you need long-term care and it is no longer possible for you to live in your property. We will tell you if we need this certificate.

1.8 By entering into the agreement, you agree that a care professional can share information with us if we ask for it in relation to a repayment event referred to in clause 1.2, that has happened or is likely to happen. You also agree to co-operate and make reasonable arrangements to help the care professional share this information with us. This includes giving them permission to give us the information we ask for in relation to a repayment event.

1.9 If your loan is an interest-only mortgage, the following will apply:

1.9.1 You must repay your loan and any other outstanding amount owing to us as a lump sum at the end of the term. It is your responsibility to make appropriate financial arrangements to make sure you can do this. If you do not make financial arrangements, or if the arrangements do not provide enough money to cover the outstanding debt, you will still have to pay the remaining amount in another way. We will continue to charge interest on the outstanding amount at the interest rate until it is repaid;

1.9.2 You must pay us a monthly payment until the loan and the rest of the amount owed to us is repaid. This payment will only cover the interest;

Please check section 3 of your mortgage offer to see whether the clauses below apply.

1.9.3 When you took out your loan, you told us what your financial arrangements were for paying off the loan as a lump sum at the end of the loan term;

It is your responsibility to maintain your financial arrangements to make sure they are good enough to repay your loan.

1.9.4 You must keep your financial arrangements in place until you have repaid your loan. If you want to amend or change your financial arrangements during the term of your loan, you must tell us [and we have the right to refuse any changes proposed]. You must not make any changes before we give you our permission in writing;

1.9.5 If you expect that your financial arrangements will not provide enough money to repay the loan capital, you must tell us straight away; and

1.9.6 We have the right to monitor your financial arrangements during the term of your loan, and you must provide us with any information or evidence that we reasonably ask for.

1.10 If your loan is a repayment mortgage the following will apply:

1.10.1 You must make monthly payments, which will go towards paying both the capital and interest; and

1.10.2 We will calculate the monthly payment so that your loan and the rest of the mortgage debt is repaid, with interest, by the end of the term.

2. Interest and payments

Interest

2.1 The interest rate which applies to your loan is set out in section 4 of your mortgage offer. If the interest rate is fixed, your monthly payments will stay the same during the period that this rate applies to.

2.2 If our standard variable rate of interest (SVR) applies to your loan, the rate of interest we charge will move up or down in line with changes we make to the

Your Loan



Section B

SVR. When the fixed rate or discount period comes to an end, you will move to our SVR.

2.3 You will need to pay interest on the outstanding capital, and on any other amounts that you do not pay us when they are due, as set out below:

2.3.1 From the date we release the loan amount to you to the date you repay your loan, we will charge interest on the outstanding capital on the last anniversary date;

2.3.2 We will charge interest on any monthly payments you have not paid for as follows:

a. interest-only mortgages, from the first day of the month after the month in which your payment was due; and

b. repayment mortgages, from the date your payment was due; and

2.3.3 We will charge interest on additional fees, costs or charges added to your loan under these terms and conditions immediately from the date each fee, cost or charge is added.

2.4 For interest-only mortgages, the interest we charge on your loan each month is the loan amount multiplied by the interest rate, divided by 12. If we have to calculate interest for part of a month, we will calculate it each day, based on the number of days in that month.

2.5 For repayment mortgages, the interest we charge on your loan each month is the capital balance multiplied by the number of days in the interest period (the period from one payment date to the next), multiplied by the interest rate and then divided by 365 days (or 366 days in a leap year).

Standard variable rate

2.6 If a fixed rate or discount period has come to an end, the interest rate which applies to your loan

will be our SVR. If the interest rate is our SVR, or is linked to our SVR, we may change the interest rate either by changing our SVR or as otherwise explained in your mortgage offer.

2.7 We may change our SVR at any time. If we increase the SVR, your payments will go up. If we reduce the SVR, your payments will go down.

2.8 We will act reasonably in setting the SVR. We will change the SVR to reflect any reasonable factors that affect us, including the following:

2.8.1 The costs we face when we borrow money;

2.8.2 The costs we face when managing your loan;

2.8.3 Any changes in the law or regulatory requirements; and

2.8.4 Significant changes in the economic environment which cause us to suffer additional costs or expose us to additional risks.

2.9 We will write to you to give you reasonable notice of any change in the SVR if it affects your loan and we will tell you what your new monthly payment will be. We will always endeavor to give you at least 10 working days' notice of any of these changes. If the Bank of England's base rate changes, we cannot guarantee that our SVR will change by the same amount.

You can check what our SVR is at any time by visiting our website at hodgebank.co.uk/svr.

Or, you can call us on 0800 731 4076. We will be happy to help.

Collecting and allocating payments

2.10 Your monthly payments will be collected from your nominated bank account on the agreed payment date each month. Your monthly payments will be used as follows:

2.10.1 If you have an interest-only mortgage, your

monthly payments will be used to pay the interest that you owe for that month; and

2.10.2 If you have a repayment mortgage, your monthly payments will first pay the interest that you owe for that month. The remaining amount will be used to reduce the remainder of the capital balance of the loan.

2.11 If you have an interest-only mortgage, your first payment will be collected on the first day of the month (unless you change your payment date). Your first payment must cover the interest accrued between your completion date and the end of the month in which the first payment is due. Your first payment will be for more than one month. After this, your payments will cover one full months interest. Your monthly payments will be set out in your mortgage offer.

For example, if you complete on 17th November and your payment date is 1st December, your first payment will collect interest from 17th November until 31st December.

2.12 If you have a repayment mortgage, your first monthly payment will be due one month after the completion date and will be used to pay the interest accrued for the full month. Your first monthly payment will be the same as the rest of your monthly payments. This means that the amount of capital paid off by your first monthly payment may be significantly lower than by your other monthly payments as your first payment will need to cover a larger amount of interest. Your monthly payments will be set out in your mortgage offer.

For example, if you complete on 17th November your first payment will be due on 17th December.



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2.13 If you are in arrears (you owe us money which you should already have paid) and your monthly payment is more than the interest due for that month, after paying the interest we will use the remainder of your payment in the following order:

- First to pay off any interest arrears.
- Then to pay any additional interest which has built up.
- Then to pay any third-party costs that we have had to pay.
- Finally, to pay any outstanding fees and charges on your loan.

Third-party costs may include any professional fees (such as solicitors' or valuers' fees) that we have been charged when managing 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).

2.14 You must give us at least 10 working days' notice if you want to change your nominated bank account or your agreed payment date. We can change the agreed payment date if we need to update or replace our IT systems or business processes that we use to manage mortgage accounts or to reflect the systems of any person who we transfer our rights relating to the loan to.

2.15 For interest-only mortgages, you or we can only change the agreed payment date if the change does not cause a whole month to pass without a payment.

2.16 For repayment mortgages, if the agreed payment date is changed, this may result in extra interest building up while the change is taking effect, and you may need to make two interest payments in one month.

Overpayments

2.17 You can make additional payments on your loan in line with the flexible repayment option, but early repayment charges may apply (see clause 5 below and section 8 of your mortgage offer).

2.18 You can make additional payments by sending us an electronic transfer or by any other method which you and we agree at the time. We will give you our account details if you ask for them.

2.19 If your loan is on our SVR and the interest rate changes during the time that you are making regular additional payments, the amount of your regular monthly payments will change in line with the interest rate, but the amount of your additional payments will stay the same. This means that the total amount you pay each month will change. If this happens, you can review or stop your regular additional payments at any time.

3. Offer conditions

3.1 You must meet any offer conditions that apply to your mortgage offer.

3.2 If you do not meet the offer conditions, you will have broken these terms and conditions. We will deal with this in line with section E below.

4. Additional borrowing

4.1 You can apply to borrow an additional amount at any time, but we do not guarantee that you will be eligible for additional borrowing. The amount you can borrow will depend on a number of factors, for example:

- the value and condition of your property;
- your outstanding loan balance;
- your age;
- our assessment of whether you can afford to repay the additional borrowing; and

- our terms and conditions at the time you apply for additional borrowing.

We are not obliged to offer additional borrowing. Any application for additional borrowing is considered in line with the criteria outlined above and any regulatory requirements at the time of the application. If you breach your terms and conditions, you will not be entitled to borrow any additional money from us and we will deal with this in line with section E below.

4.2 There may be a minimum amount you can borrow each time you apply for additional borrowing. In these circumstances, we will decide the amount. You will need to get further financial advice before you take out additional borrowing. Information about the fees you could face is set out in our schedule of charges, which forms part of your agreement with us.

4.3 The mortgage deed will be used as security for any additional borrowing you take out.

5. Early repayment charges

5.1 You can repay all or part of your loan at any time, but you may have to pay an early repayment charge depending on the circumstances. For more information, please contact your financial adviser or refer to your mortgage offer, which sets out the early repayment charges that you may need to pay. Section 1.6 of these terms and conditions sets out when early repayment charges will not apply.

5.2 If you want to repay your loan early you should discuss this with your financial adviser to make sure it is appropriate for you.

5.3 The early repayment charge is calculated to cover the costs that we incur in setting up your loan. The charges are set out in your mortgage offer.

Your Loan



Section B

Flexible repayment option

5.4 Under our flexible repayment option, from the date we pay the loan to you, you will be able to make partial repayments without facing early repayment charges in line with the following terms:

5.4.1 In each repayment year, you can repay up to 10% of the capital balance outstanding;

5.4.2 There is a limit to how much you can repay each year without facing early repayment charges if you are on a promotional interest rate. This is outlined in your mortgage offer. You can make up to 12 repayments in each repayment year. You cannot carry over any amount of the annual limit to future years; and

5.4.3 Early repayment charges will apply on the capital balance outstanding if, during that year, you make more than 12 repayments or you repay more than 10% of:

- the initial loan amount (if you have an interest-only mortgage); or
- the capital balance outstanding as at the last anniversary date (if you have a repayment mortgage).

If you have an interest-only mortgage, early repayment charges will apply to the capital balance outstanding if, during that year, you repay more than 10% of the initial loan amount or 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% of your repayments.

If you have a repayment mortgage, early repayment charges will apply to the capital balance outstanding if, during that year, you repay more than 10% of the capital balance outstanding as at the last anniversary date or you make more than 12 repayments.

For example, if you repay 11% of the capital balance outstanding as at the last anniversary date, you will only pay early repayment charges on 1% of your repayments.

Section C

Changes You must tell Us about



Changes You must tell Us about



Section C

6. Changes in your personal circumstances

Your loan, your entitlement to it is based on your circumstances at the time you apply. Changes in your circumstances may affect your loan. Please tell us about any changes as soon as possible. You should make suitable arrangements for those responsible for dealing with your finances to tell us about relevant changes if you die.

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 your loan (for example, if you divorce). Whether we agree to this will depend on whether you are still eligible for the loan after the change is made. You may need to repay part of the loan to make sure that the amount which is left to repay continues to be affordable and an early repayment charge may apply.

6.3 You must tell us if you want to add someone else to your loan (for example, if you marry, remarry or enter a civil partnership). You will only be able to do this if the other person is also eligible for the loan. Depending on the circumstances, you may have to repay some of the loan and an early repayment charge may apply.

6.4 You must get our written permission if you want someone else to live in your property but do not want to add them to the agreement. This includes anybody who may live in your property from time to time (including if they live in your property without paying any amount to you). This can include your children or other relatives and anyone else whose name could be recorded on the electoral register for your property. The other person will have to sign an occupier's waiver if you continue to live in your property. By doing so they agree to give up their right to live in the property if we need to take back possession. It is your responsibility to make sure the person knows that your property is used as security for

your loan, that it may be sold to repay the loan, and that if this happened they would not be able to continue living in your property.

6.5 You will be responsible for any reasonable costs associated with amending the terms of the 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 is used as security for your loan. You must not sell or otherwise get rid of, give away or transfer ownership of any part of your property without getting our written permission first.

7.2 We may refuse to give our permission if we reasonably consider that it would cause the value of the property to decrease and affect our security to such an extent that we could no longer expect to recover the amount of the loan balance. If we give our permission, you may need to repay some or all of the loan.

7.3 You must tell us beforehand if you want to buy additional land or property (whether it connects to your property or not). If this additional land or property connects to your property, it may need to be included in your existing agreement with us. Depending on the circumstances and the type of additional land or property, we may ask you to sign a new mortgage deed or Standard Security (which we will provide) for the additional land or property to provide additional security for the loan. We will tell you if this is the case and explain why we need this. You will be liable for any reasonable costs that are involved, which we will tell you about.

7.4 If your property is leasehold, and you buy the landlord's interest (their rights over the property) or a share or shares of that interest, you must tell us. We may require this additional interest to be included in your existing agreement with us. Depending on the

circumstances and the type of landlord's interest you buy, we may ask you to sign a mortgage deed or Standard Security (which we will provide) for this interest to provide additional security for the loan. We will tell you if this is the case and explain why we need this. You will be liable for any reasonable costs involved, which we will tell you about.

7.5 If your property is leasehold, and you become the owner of a share or shares in the management company that manages your property, you must agree to us having a legal right over that share or those shares, and give us permission to transfer that share or those shares to a new owner if we ever need to sell your property.

8. Transferring your loan if you move home

8.1 You can transfer your loan to a new property if the following conditions are met:

8.1.1 The new property meets our conditions which apply at the time of your move and is suitable security for your loan;

8.1.2 The value of the new property is lower than the value of your property and you have made necessary repayments to keep the balance of your loan within our eligibility criteria at the time. In some circumstances, early repayment charges may apply to the repayments you make; and

8.1.3 You must pay all costs associated with moving to the new property, 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 out or letting your property

9.1 You must not rent out or let your property without getting our written permission first.

9.2 We will only give you permission to rent out or let your property if we consider that it will not affect

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Section C

our rights and risks in relation to the loan. If we give you permission, we may set certain conditions which you must meet.

9.3 To avoid doubt, if you break the requirements set out above, you will have broken these terms and conditions and we will deal with this in line with section E below.

10. Borrowing from elsewhere

10.1 You must get our permission before using your property as security for another mortgage or loan provided by a different lender.

10.2 If a third party is given a legal right to your property, even if it is without your knowledge or permission, you will not be entitled to borrow any additional money from us. You will have broken these terms and conditions and we will deal with this in line with section E below.

Section D

Your Property



Your Property



Section D

11. Living in the property

11.1 The property must be your main home for the full term of your loan. You must tell us immediately if you move out of the property as this is likely to affect you being eligible for the loan.

11.2 You must not leave your property empty for more than six months in a row.

11.3 You must not carry out any business or trade from your property without getting our written permission first.

12. Maintaining, repairing or altering the property

12.1 You must keep your property in a good state of repair. We have the right to inspect your property at any time. We must give you at least one month's written notice (and arrange a convenient time and date with you) unless it is an emergency or we reasonably consider it necessary to carry out the inspection sooner.

12.2 If, during our inspection, we find a serious problem that needs repairing, we will write to you to set out the necessary repairs and a proposed deadline to complete the work. A serious problem is one that, in our opinion, lowers the value of your property and is not simply a cosmetic or superficial issue.

12.3 If you do not agree to carry out the necessary repairs or you fail to complete them by the deadline we have agreed with you, you will have broken these terms and conditions (see section E). In these circumstances, we have the right to arrange for the repairs to be carried out.

12.4 If we arrange for the necessary repairs to be carried out, we will get quotes from three businesses and choose the most appropriate based on price, reputation and experience. You will be liable for the reasonable costs of completing the repairs. The costs will be added to your loan and you will be charged interest on this amount.

12.5 You must not carry out any significant alterations to your property that affect the structure or the nature and use of your property without getting our written permission first. For example, you must not do any of the following (but not limited to the examples set out below) without our permission:

- Build an extension, convert a garage or loft or otherwise increase or reduce the number of bedrooms;
- Remove any internal walls or install cavity wall insulation; or
- Make a major change to the way rooms are used (for example, by installing a shopfront or office area).

12.6 Before we give our permission, we will need to be satisfied that all planning issues, and the obligations set out in your title deeds, have been met. You will be responsible for the costs of preparing reports, plans or opinions that we need before we can give our permission.

13. Insuring your property

13.1 You must always keep your property insured with buildings insurance. The buildings sum insured must always be at least the amount specified in the valuation report we prepared on your property at the time you took out the loan (or any more recent valuation we have prepared). This building sum insured must increase each year in line with inflation. The insurance will need to cover risks we identify and all the risks that buildings insurance usually covers. These include but are not limited to fire, explosions, earthquakes, storms, floods, water or oil leaks, subsidence (where your property sinks to a lower level), heave (the upward movement of soil beneath a property, causing its foundations, walls and floors to shift upwards), landslips and intentional damage.

13.2 You must not do anything that may result in your buildings insurance no longer being valid.

13.3 If you make a claim on your insurance policy, you must use the money to repair or replace any damaged parts of your property and make sure it is in a good state of repair in line with your obligations under clause 12 of these terms and conditions.

13.4 You must give us details of your insurance if we ask for them at any time during the term of your loan. If we become aware that your buildings insurance has run out and hasn't been renewed or has been cancelled, we will ask you to confirm that you have arranged other insurance for your property. If you do not provide the necessary proof that your property is properly insured, we have the right to insure your property. If we do this, it will be for our benefit only and you will not be able to make a claim under that insurance. You will be liable for our costs if we insure your property on your behalf.

14. Property ownership costs

14.1 You must pay all costs and outgoings on your property, on time, throughout the term of your loan. This includes (amongst other costs) any rent, service charges, utility bills (water, electricity and gas bills) and taxes.

14.2 If our security is at risk, because you did not pay the necessary costs and outgoings on your property, we have the right to pay these to protect our security but you will still be liable for them. We will add the costs to your loan, and you will be charged interest on them.

Section E

Breaking the agreement



Breaking the agreement



Section E

15. Failing to act in line with these terms and conditions

15.1 If a court order is made against you and we believe it will affect our security or our rights under the agreement, or it will affect the value of your property, we have the right to immediate repayment of the loan in full. If this happens, you will have broken these terms and conditions.

15.2 If we find out that some of the information your loan was based on was false or misleading, you will need to repay your loan in full.

15.3 If your property (or any part of it) has a compulsory purchase order made against it, or if there is any other legal claim over your property, you will need to repay your loan immediately in full. (A compulsory purchase order is a legal process allowing public authorities to take land or property without the owner's permission, typically for projects of public benefit like infrastructure, regeneration or development.)

15.4 If you do not act in line with these terms and conditions, you will have broken the agreement.

15.5 If you break the terms of the agreement, we will have the right to take any action we consider appropriate to try to fix it. You will have to pay any costs associated with this. We may get professional advice, at your expense, if we reasonably consider that we may need to take action to prevent any damage to the property. We (and our agents who act on our behalf) have the right to enter your property to take this action, and you must allow us to do so.

15.6 In line with clause 15.5 above, we will discuss with you what you should do to stop breaking these terms and conditions, and give you the opportunity to do this.

It is likely that you will either have to stop doing something that is not allowed under these terms and

conditions (for example, stop using your property for business purposes) or do something that you were meant to do in line with these terms and conditions (for example, carry out repairs on your property to keep it in a good state of repair).

15.7 Unless your property is at risk of damage, before taking further action we will usually allow three months for you to correct the problem (from the date we identify and discuss the matter with you in line with clause 15.6).

15.8 If you break these terms and conditions, we will consider your individual circumstances. We will always be fair and act in line with any laws and regulations that apply.

15.9 We will assess how severe the matter is based on how it affects the value of your property and your ability to repay your loan in full.

15.10 You are responsible for the costs involved in taking action in line with clause 15.5. If you cannot afford to take the necessary action, we may take the action set out in our rights if you break these terms and conditions (see clause 16.1 below).

15.11 If we have to take action to stop you breaking these terms and conditions, we will add any costs of taking such action to your loan. You must repay these costs to us and interest may be added.

16. Our rights if you break these terms and conditions

16.1 If you do not take action in line with clause 15 to make sure you are keeping to these terms and conditions, we have the right to:

- do whatever it is that you have not done (but were required to do);
- say that you must immediately repay the full amount of your loan, and continue charging interest at the interest rate until you do so; and

- take legal action to repossess and sell your property, and use the proceeds of sale to repay your loan.

We will only exercise these rights after we have given you, or have reasonably attempted to give you, written notice that we intend 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 repossess and sell it to repay your loan, we have the right to appoint a receiver to do this. (This is explained in more detail in clause 17 of these terms and conditions.)

16.4 We and the receiver (if we appoint one) have the right to sign any documents necessary to sell your property.

16.5 If your property is in Scotland and we need to repossess and sell it to repay your loan, we have the right to sign any documents necessary to sell your property. (This includes signing documents on your behalf.)

16.6 We may decide to let your property for up to six months instead of selling it. Any rent we receive will be at the market rate that applies at the time and will be used in the following order:

- 16.6.1 First, we will pay any outgoings on your property (such as necessary insurance);
- 16.6.2 Then we will pay for any necessary repairs and maintenance; and
- 16.6.3 Finally, we will repay your loan.

16.7 When your property is sold, we will use the proceeds of sale to repay your loan and any costs we have paid on your behalf. Any amount that is left over will be paid to you.

Breaking the agreement



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16.8 If there are any personal belongings in your property at the time it is repossessed, we may remove them before we sell your property. We may either sell these belongings or store them on your behalf. If we sell them, we will use the money made to reduce the balance of your loan. If we store them, you will be responsible for the associated costs.

17. Appointing a receiver

17.1 If your property is in England or Wales, the Law of Property Act 1925 gives us the right to appoint a receiver over it. If we appoint more than one receiver, their responsibilities will apply to each of them individually and to all of them together.

17.2 We can give any receiver we appoint the powers and authorities we think are necessary or appropriate. If we do this, we will not be considered to be the 'lender in possession' of the property.

17.3 Any receiver we appoint will be considered to be your agent. You will be responsible for their actions and any failures.

17.4 We are entitled to give the receiver the power and authority to sell your property. You will be responsible for the receiver's actions and the reasonable costs they face in selling your property.

17.5 We may agree to pay any receiver we appoint, although you will be responsible for making those payments.

17.6 If we appoint a receiver, we may take out any indemnity insurance that they reasonably require. You will be responsible for the cost of this.

17.7 At any time after repossessing the property or appointing a receiver, we may give up possession or cancel the receiver's role. If we decide to do this, we will tell you as soon as possible.

18. Recovering costs

18.1 We have the right to recover from you all costs

that we reasonably suffer as a result of you breaking these terms and conditions and failing to put this right when we ask you to. This includes the following:

18.1.1 The costs of any legal proceedings in connection with your loan or your property (whether these were brought 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, to create or protect our security or in exercising our rights and powers in line with the agreement;

18.1.4 Costs which arose as a result of you breaking any of these terms and conditions, including any costs we suffer in correcting this;

18.1.5 Our costs in arranging any insurance on the property;

18.1.6 Any administration fees we charge for any work we do in connection with your loan; and

18.1.7 Any VAT, insurance premium tax or other taxes charged on costs we can recover from you.

18.2 Interest will be charged at the interest rate (as set out in your mortgage offer) on all costs you have to pay under this clause 18.

Section F

Communicating with us



Communicating with us



Section F

19. Making changes to your loan

19.1 You can give us instructions to make changes to your loan. To do this, contact us using our contact details set out at the end of these terms and conditions or on our website at www.hodgebank.co.uk/contact-us.

19.2 You allow us to carry out reasonable steps to check your identity before we discuss your loan with you or act on your instructions. Once we have acted on your instructions, you cannot cancel the changes.

19.3 If we have reasonable grounds to do so, we may refuse to act on (or delay acting on) your instructions. We will not be responsible for any delay or loss you suffer as a result of this as long as we acted reasonably and in line with relevant laws and regulations.

Please tell us as soon as possible if any of the following events happens:

- You remarry, divorce or change your name;
- You stop living in your property or using it as your main home;
- Someone else moves in with you;
- You alter your property significantly or start using it for a different purpose;
- Any borrower dies;
- You appoint a power of attorney;
- You change your bank details and we can no longer collect direct debits;
- You spot an error on your loan statements; or
- You start to experience financial difficulties.

20. If you are experiencing financial difficulties

20.1 You must tell us immediately if you are experiencing, or reasonably expect to experience financial difficulties and are having, or are likely to have, trouble making your payments. We will deal with your individual circumstances sensitively and look to deliver a good outcome for you. We will take reasonable steps to understand your income and outgoings and work with you to explore appropriate and sustainable repayment arrangements. If a payment is missed, we will contact you to discuss the reasons for this and how we can help. If you do not make payments towards your loan when they are due, we will treat it as you breaking these terms and conditions and deal with it in line with section E. We will only take action to repossess your property as a last resort and where it is reasonable and proportionate having considered your circumstances.

20.2 If we ask you to, you must provide up-to-date information about your income and outgoings to allow us to consider whether you will be able to afford your loan in the future.

Section G

Other Terms and Conditions



Other Terms and Conditions



Section G

21. Governing law

21.1 If your property is in England or Wales, the agreement will be governed by the laws of England and Wales. Any legal action in connection with this agreement will be dealt with by the courts of England and Wales.

21.2 If your property is in Scotland, the agreement will be governed by the laws of Scotland. Any legal action in connection with this agreement will be dealt with by the courts of Scotland.

21.3 Each of the terms and conditions applies individually and is separate from the others. If any part of the agreement is not valid, is illegal or cannot be enforced, this will not affect any other parts of the agreement, which will remain in force.

22. Power of attorney

22.1 To help make sure your obligations under this agreement are met, you agree that we and any receiver we appoint under clause 17 of these terms and conditions, can act in your name and on your behalf to sign and deliver any deed or document and exercise any rights or powers you have relating to your property and the agreement. This is known as giving us power of attorney.

22.2 This power of attorney will end when you have repaid your loan in full or, if we agree in writing to accept an amount that is less than the amount you owe, you have paid that amount to us.

23. Changes to the agreement

23.1 We have the right to make reasonable changes to the agreement in the following circumstances:

23.1.1 To make the terms and conditions clearer or more beneficial to you;

23.1.2 To correct any obvious error that we find when we review the agreement; and

23.1.3 To respond to events outside our control to make sure we are acting in line with the law. We may make changes to your agreement in response (but not limited) to:

- changes in any legislation which applies to your agreement;
- changes required by a UK court or any other regulatory authority or other relevant authority; or
- changes to any other relevant law or regulatory requirements.

23.2 We will write to you at least 14 days before we make any changes, unless we need to make the change sooner to act in line with any relevant law or regulation.

24. Giving notice

24.1 We will write to you to serve any notice that is necessary under these terms and conditions or the agreement. We will use the address you have given us. If we send you any demand or notice by post, you will be considered to have received it 2 business days after we post it.

24.2 You must also give us any notice in writing, using the details in the 'How to contact us' section at the end of these terms and conditions.

25. Joint and separate obligations

25. If you are joint borrowers, the agreement applies to all of you together and each of you separately. This means that all of you together are responsible for all your obligations under the agreement and each of you is individually responsible for all your obligations under the agreement.

26. Rights of third parties

Unless the agreement states otherwise, a person who is not named in the agreement has no right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 if your property is England, or the

Contract (Third Party Rights) (Scotland) Act 2017 if your property is in Scotland.

27. Information provided by you or your adviser

27 You must make sure that any information given to us is accurate. We have the right to make changes to the amount or terms of your loan if we find out that it was set up based on incorrect information. This may result in you having to repay some or all of your loan.

28. Transferring our rights and obligations

28.1 We may assign, sell or transfer our rights or obligations under the agreement to another party. Your rights and obligations will not be affected if we do this.

28.2 By entering into the agreement, you give us permission to assign, sell or transfer our rights. Any person we assign, sell or transfer our rights to will then be entitled to enforce those rights and you must meet the obligations you have to them. Once we have assigned, sold or transferred our rights, we will no longer have any obligations to you.

28.3 If we are considering assigning, selling or transferring any of our rights or obligations to a third party, you agree that we can give that third party information about you, the agreement, your property and any other information which we reasonably consider necessary in connection with the assignment, sale or transfer.

29. Security checks

29 Before carrying out a transaction, we have the right to ask you for any reasonable supporting documents to confirm your identity, the identity of your executors or personal representatives, or the details of the transaction.

30. Preventing fraud

30.1 If you give us false or inaccurate information or we identify fraud, we will record this and may pass details to fraud prevention agencies and other

Other Terms and Conditions



Section G

organisations involved in preventing crime and fraud. The details we share may be used by other law enforcement agencies.

30.2 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 of insurance proposals and claims, managing credit or credit-related accounts or facilities, recovering debt, or checking details of job applicants and employees).

30.3 For more details on relevant fraud prevention agencies, please contact us on 0800 731 4076.

31. When we, credit reference agencies and fraud prevention agencies may use your information

31.1 When you apply for a mortgage account we collect personal information from you. We will use that personal information to meet our obligations under the agreement, to give you information about your loan and to provide our services to you. We may also have to use your personal information for other purposes required by law. Full details of how we use, manage and process your information is included in our privacy policy. If you would like more details of how we handle your personal information, please go to hodgebank.co.uk/privacy.

31.2 We check the information we collect about you (and any other person who will be named on the loan account) in our records and the records of credit reference and fraud prevention agencies.

31.3 When a credit reference agency receives a request for information, a record of the request (known as a search footprint) will be placed on your credit file that may be seen by others (for example, other lenders). We receive information from public sources (including the electoral register) and shared credit and fraud prevention information. You can read more information in our privacy policy on our website at <https://hodgebank.co.uk/privacy/mortgages-privacy-policy/>. We carry out certain checks, such as assessing your application for credit and

confirming your identity, to prevent and detect crime and money laundering. We have the right to make further searches from time to time to manage your account.

31.4 If you apply for a joint loan account or have someone who is linked to you financially, we will link your records together, as will credit reference agencies. You must make sure that the other person agrees that we can share information about them. You or the other person can apply to the credit reference agency to separate your records.

31.5 We send information about your application to credit reference agencies, who will record your information on your credit file. If you then borrow from us, we will give details of your loan account and how you manage it to credit reference agencies. If you do not repay your loan in full and on time, credit reference agencies will record the outstanding debt. Other organisations can view this information if they perform similar checks and may use it to trace your location and to recover debts you owe. Credit reference agencies may keep records about your account for a period of time after the accounts are closed, regardless of whether you have repaid your loan. For more information on how your data is used, you can read the credit reference agency's information notice policy at <https://www.experian.co.uk/legal/crain/>.

31.6 If you have borrowed from us and do not make payments that you owe, we will trace your location and recover the debt.

32. Standard Securities in Scotland

32 If your loan is secured by a Standard Security over heritable property in Scotland ('heritable property' refers to land and buildings, including a house and the ground it stands on), the standard conditions in schedule 3 of the Conveyancing and Feudal Reform (Scotland) Act 1970 apply, unless we tell you otherwise in these terms and conditions.

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How to find out more

You can contact credit reference agencies to check what information they hold about you. They may charge a small fee for providing the information.

How to contact us

You can contact us in any of the following ways if you have any questions or want to contact us in line with the terms of the agreement:

- Write to Hodge, One Central Square, Cardiff, CF10 1FS;
- Phone us on 0800 731 4076. Please note, calls may be recorded for monitoring and training purposes; and
- Email us at support@hodge.co.uk.

Complaints

We hope you will be delighted with our service. However, if you would like to make a complaint, please contact us using the details in the 'How to contact us' section above.

We will acknowledge your complaint and send you a copy of our complaints procedure.

If you are not happy with the outcome of our investigation, you can then take the matter up with the Financial Ombudsman Service using the contact details below.

Write to: The Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London, E14 9SR

Phone: 0800 023 4567

Website: www.financial-ombudsman.org.uk

Email: complaint.info@financial-ombudsman.org.uk

If you feel that you need extra support for specific needs, or you have experienced a sudden change in your circumstances, we are here to help. To make managing your mortgage straightforward, we will do our best to tailor our service to suit you.

Hodge is a trading name of Julian Hodge Bank Limited, which is registered in England and Wales (number 743437). We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our registered office is One Central Square, Cardiff, CF10 1FS. Our privacy policy explains how we manage and process your personal information. If you would like to know more about how we handle your information, please visit hodgebank.co.uk/privacy or call 02920 803 079.



0800 731 4076



support@hodge.co.uk



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