GENERAL CONDITIONS FOR RESIDENTIAL MORTGAGES

May 2023

Cynergy Bank

ABOUT THIS BOOKLET

This booklet gives you information about your mortgage and lets you know what you need to do.

Read this booklet carefully so that you understand how your mortgage works.

If you have questions before your mortgage starts, your solicitor or conveyancer will help you.

If you have any questions after the mortgage has started, get in touch with us.

This booklet is in English and we'll communicate with you in English.

Keep this booklet somewhere safe so you can look at it in the future.

Get in touch with us if you want another copy of this booklet at any time.

This booklet is also available in other formats, including large print and a braille format. Get in touch with us if you need this booklet in another format.

Contents

THE AGREEMENT WITH US

Key terms you need to know
When we say **'we', 'us', 'our'** and **'Cynergy Bank'** in this booklet, we mean Cynergy Bank Limited. It includes anyone who takes over any of our legal rights or duties under the mortgage. If we have transferred any of our rights under the mortgage to someone else, **'we'** also means the person we have transferred them to. Reference to Cynergy Bank also includes any of our group entities.
When we say **'you', 'your'** and **'the borrower'** in this booklet, we mean the person or people named in the mortgage deed.

If you have a mortgage with us, we'll give you a mortgage loan and you give us security over your property. We explain what security is in the next section. The mortgage loan is each sum of money we've lent or may lend to you, secured on your property. It's explained in your mortgage offer.

In this booklet we refer to **the money you owe us**.

The money you owe us means all the money you owe us under the agreement with you and includes:

- any unpaid fees, charges and costs,
- any unpaid interest, and
- any arrears.

The agreement for the mortgage loan is made up of the following:

This booklet	The conditions in this booklet make up part of our agreement with you and are legally binding on you. We also refer to our agreement with you as **'your mortgage'** in this booklet.
Your mortgage offer	This is the written mortgage offer that has the parts of the agreement which are specific to you, such as the amount of money we have agreed to lend you and the mortgage product you have chosen. It also includes details of your interest rate. Your mortgage offer may also include special conditions. We'll give you a mortgage offer before we first give you the mortgage loan. We may give you other mortgage offers later. We'll do this if we lend you more money or we make changes to your mortgage loan. If your mortgage offer says something different to another part of the agreement with us, the terms in your mortgage offer will apply.
The mortgage deed	When you sign the mortgage deed you give us rights over your property. The property is named in the mortgage deed. These rights are known as security. We explain more about what security means in the next section. The rights we have over your property mean that if you break the agreement, we can take possession of and sell your property. This includes if you do not pay back the money you owe us. If you have other loans with us, now or in the future, the mortgage deed also gives us security for amounts you owe us on those other loans. If you are borrowing with someone else, the mortgage deed also covers any money any one of you owes to us under another agreement. This includes where this is owed jointly with anyone else. This is the case even if the borrowers under this agreement and the other mortgage or loan agreement are not the same. For example, a husband and wife could be borrowers under a mortgage agreement with us to buy a property they will live in together as their family home. The wife could also borrow from us with a business partner to buy a property which is to be let to tenants under another mortgage agreement. The mortgage deed for the family home would also cover

	what the wife owes under the mortgage agreement for the buy to let property. The agreement continues until you've paid us all the money you owe us under the agreement.

Terms and conditions must be in writing

Oral representations and agreements are not binding on you or us. All terms and conditions forming part of the agreement you have with us must be in writing.

WHAT IS SECURITY

When you sign the mortgage deed you give us security over your property. This means you give us rights over your property. These rights protect us if you don't keep to your obligations under the agreement. This includes if you don't make your monthly payments.

We explain these rights in more detail later in this booklet. They include the right to sell your property and use the money to repay the money you owe us.

Our security over your property isn't only security for the money you owe us. It also covers other amounts including:

- any other money you owe to us under any other mortgage loan you have with us. This includes any mortgage loan you may have with us in the future while we still have security over your property,
- where you're borrowing with someone else, it covers money any of you owe to us under another agreement. Including where the money is owed jointly with anyone else. This is the case even if the borrowers under this agreement and the other agreement aren't the same.

We can keep our security until the amount you owe under the agreement, and any mortgage loans mentioned above, are paid.

The mortgage is continuing security

- it will remain in force if you die, become bankrupt or where you lose your mental capacity
- where you have an overdraft, the mortgage won't end because the account goes into credit
- it won't be discharged where you pay part of the amount you owe us

In this booklet we also refer to additional security.

Additional security is additional rights you have which relate to your property.

They include:

- your rights under any insurance policies relating to your property and any money paid to you by the insurance company,
- any share or membership rights you have in a management company or resident's association. For example, you may have these rights if your property is a leasehold property,
- rights in insurance policies of your title to your property or covering risks relating to rights in your property.

By signing the mortgage deed, you assign to us the additional security. If you can't assign this, you provide them as security. Once you've repaid the money you owe us, we'll assign the additional security back to you, or release it. If you have other mortgage loans, we can keep our security until the amount you owe under the agreement and any other mortgage loans are paid.

We may instruct a solicitor to act for us in taking security over your property. Unless we agree something different in writing, you are responsible for both our solicitor's costs and your own solicitor's costs.

WHAT HAPPENS WHEN YOU BORROW WITH SOMEONE ELSE

If you are borrowing with other people, this agreement applies to:

- all of you together, and
- each of you separately.

You are each responsible for repaying the entire mortgage loan. You are also responsible as a pair or as a group.

If the relationship between you ends, you must continue to do what the agreement asks of you. This includes making the monthly payments.

Where you are borrowing with others

- we can agree changes to the agreement with any of you. We don't need to agree them with each of you
- we can accept signatures, notices and instructions from any one of you. We don't need to get approval from all of you

If we send you a notice or other documents, we'll send this to all of you jointly to the correspondence address(es) we hold for you.

WHAT YOU HAVE TO PAY

You must pay your monthly payments by Direct Debit on the payment date every month. **The payment date is the date each month your monthly payments are due. It is explained in your mortgage offer. We'll let you change the payment date if you ask us. We explain how below.**

You must pay all the money you owe us at the end of the mortgage term. **The mortgage term is the length of time the mortgage loan is to be repaid over and is explained in your mortgage offer.**

Your mortgage loan may be in different parts. If it is then each part might have a different mortgage term, interest rate or type of repayment. Your mortgage offer will explain if this is the case.

You can repay the mortgage loan earlier and this booklet explains how.

You must pay interest until the money you owe us has been paid back.

Capital repayment

With a capital repayment mortgage, the monthly payments pay off the amount you owe us by the end of the mortgage term. This means your monthly payment pays the interest and some capital.

Interest only

For an interest only mortgage the monthly payments pay off the interest charged only. This includes interest on arrears.

With an interest only mortgage, you'll still owe the mortgage loan at the end of the mortgage term. You must make arrangements to pay off the money you owe us by the end of the mortgage term. If you don't your property may have to be sold to repay the money you owe us.

Part capital repayment and part interest only

For a part repayment and part interest only mortgage, the monthly payment is calculated as set out above for each part. These amounts are then added together to make your monthly payment.

If we ask, you must show us the arrangements you have to pay off the amount you owe at the end of the mortgage term. It's important that you keep checking these arrangements. You should check them to make sure you'll be able to pay the money you owe us at the end of the mortgage term.

Payment date

We'll tell you the first payment date when the mortgage starts.

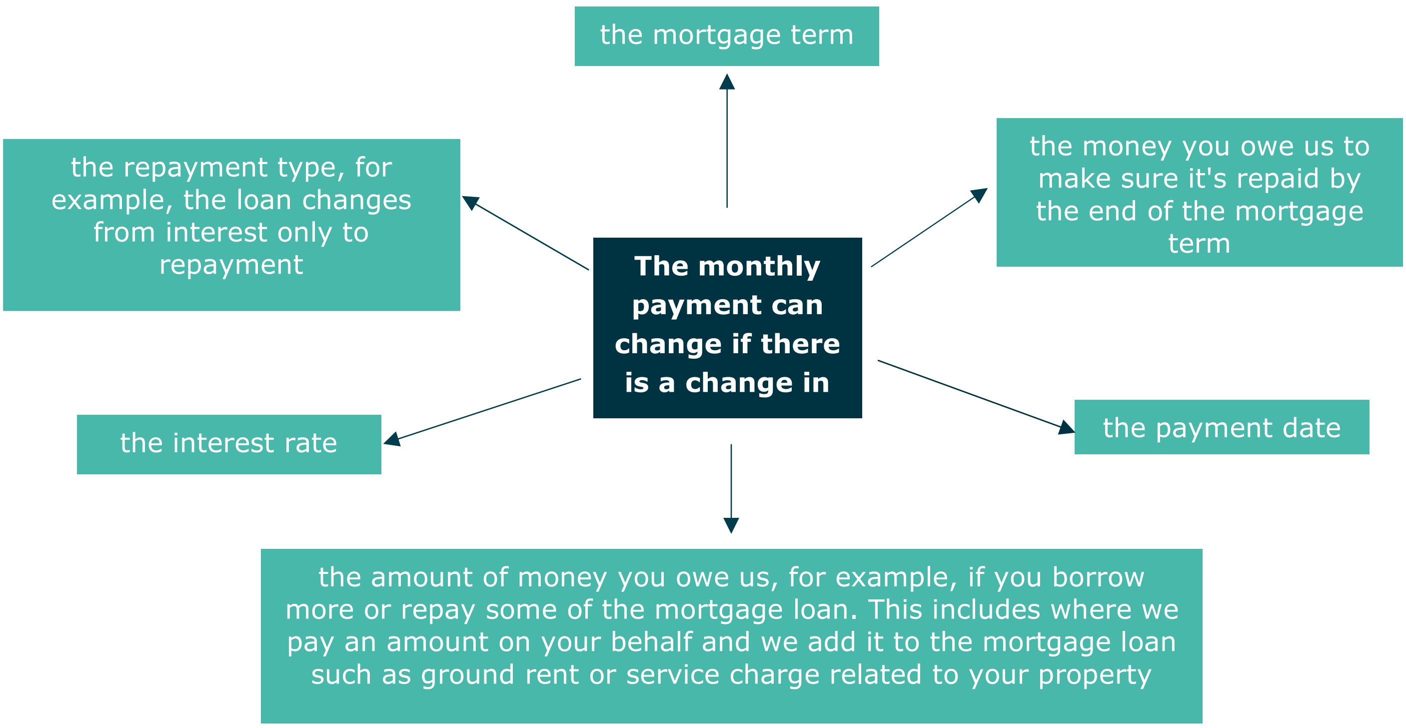
The payment date will be the same day each month. You can ask us to change the payment date. The new date must be between the 1st and 28th of the month.

If the payment date is not a business day, payment is due on the next business day. A business day is **every day other than a Saturday, Sunday or public holiday in England and Wales.**

If the payment date changes, we'll tell you and let you know when the new payment date will start. The monthly payments after a change may be different to your usual monthly payment. This depends on when in the month the payment date moves to. We'll tell you about any changes to your monthly payments and the amount of each monthly payment.

Monthly payment and when it can change

Monthly payment – The monthly payment is the amount you must pay each month on the payment date. It's explained in your mortgage offer.



We can also increase the monthly payment to cover arrears or unpaid interest and fees, costs and charges. Please note that we won't always increase the monthly payment to cover these amounts.

We can also change the monthly payment to make an arrangement. This includes to let you reduce the monthly payments including pausing paying interest. We can change it if we cancel an arrangement like this.

If the monthly payment changes, we'll tell you and let you know when the new monthly payment will start.

If the monthly payment changes because one of the events listed above happened in the previous month, we can reduce or increase the first of the monthly payments. This is to take account of interest you have overpaid or underpaid because of the old monthly payment. We'll tell you the amount of each monthly payment.

Arrears

Arrears – If you fall behind with a monthly payment or part of a monthly payment, it's called arrears.

Arrears also includes any unpaid interest, fees, costs and charges.

It's important to get in touch with us to see how we can help if you think you won't be able to make a monthly payment or where you fall into arrears.

If you have arrears, you'll pay extra interest and interest on the interest for those arrears. Arrears should be paid to us immediately. We can agree a different arrangement with you. A court may give you more time to pay.

Arrears and interest on arrears aren't automatically covered in your monthly payments. You must make separate arrangements to pay these amounts. We may agree with you to increase your monthly payments to cover arrears and interest on arrears. This won't happen automatically.

If you have arrears, any payment you make will reduce the arrears first. This means if you make a payment that isn't enough to cover both the arrears and your usual monthly payment, you'll still be in arrears.

You'll need to make a payment in addition to your monthly payment to clear your arrears.

Example	**If you have arrears of £500 and your monthly payment due in a month is £250** →	**You need to pay £750**
	If you only make a payment of £250, you will remain in arrears and will continue to owe £500 arrears.	

WHEN WE CHARGE INTEREST AND HOW WE CALCULATE IT

We charge interest at the interest rate until you've repaid the money you owe us. The interest rate is explained in your mortgage offer.

If you owe money at the end of the mortgage term, we'll continue to charge interest. The interest rate we charge at the end of the mortgage term is our Cynergy Bank Variable Rate. We explain what this is and how we can change it below.

When we start charging interest on different amounts

Amount	When we start charging interest
The money we lend to you including any additional money we lend to you.	From the day we transfer the money to you or your conveyancer.
Fees, charges and costs.	On the date we have asked you to pay the fee, charge or cost if you have not paid it by then. If you have a part and part mortgage, the rate of interest which applies to fees, charges and costs will be the lowest rate charged on any part of your mortgage loan.
Interest This includes interest on any arrears and interest on interest we have already charged you.	From the day after we add it to your mortgage loan.
Amounts you haven't paid when they are due, and we pay for you. For example, ground rent or service charge.	From the day we pay them for you.

How we work out interest

We work out interest by calculating the amount of interest you owe us each day. In a leap year we calculate this on the basis of 365 days not 366. We then add interest to your mortgage account each month. We work out interest each month on the basis that each month is a twelfth of a year. A month runs from each payment date to the day before the next payment date. Each month we calculate interest for each day and add the total to your account at the end of the month before the next payment date.

This does not apply at the beginning of the mortgage. For the first month we'll work out interest from the day the loan is released to you to the day before the first payment date. This means that your first monthly payment could be more. This is because if the first monthly payment is due in the month after we give you the mortgage loan, the monthly payment will cover interest for the month the mortgage loan is given to you and the month the first monthly payment is due.

Where the money you owe us or the interest rate changes in a month, we'll work out interest in the same way as set out above but we'll use the original amount or rate until the date of the change and use the new amount or rate for the rest of the month.

Any payment you make will reduce the interest you pay from the day we receive it.

We'll continue to charge interest at the interest rate even if a court makes an order for you to pay some or all of the money you owe us.

The types of interest rate you may have

Your mortgage offer explains what type of interest rate applies to your mortgage loan.

We explain the different types of rates below.

The Bank of England base rate is sometimes referred to as Base Rate. It's set by the Bank of England.

Cynergy Bank Mortgage Base Rate	The Cynergy Bank Mortgage Base Rate is a variable rate. The Cynergy Bank Mortgage Base Rate is set at the same rate as the Bank of England base rate. This means that if the Bank of England base rate goes up or down, the Cynergy Bank Mortgage Base Rate will go up or down by the same amount. The Cynergy Bank Mortgage Base Rate is published on our website. The interest rate you pay is subject to a floor. We explain more about this below.
Cynergy Bank Variable Rate (also known as Revert Rate)	The Cynergy Bank Variable Rate is Cynergy Bank's reversion rate. It is also referred to as the Revert Rate. This is the rate which applies once a fixed rate or tracker rate period has ended. It is a variable rate. This means it goes up and down and your monthly payment could change as a result. Your mortgage offer will explain when your fixed rate or tracker rate period has ended. The Cynergy Bank Variable Rate/Revert Rate is made up of two parts: • the Cynergy Bank Mortgage Base Rate, and • the Cynergy Bank Variable Rate Margin. This is a variable amount added on top which we can change. We explain in the next section when we can change the Cynergy Bank Variable Rate Margin. This means that the Cynergy Bank Variable Rate will change: • when the Cynergy Bank Mortgage Base Rate changes which happens when the Bank of England base rate changes, and • when the Cynergy Bank Variable Rate Margin changes. We explain when this will happen in the next section. As the Cynergy Bank Variable Rate Margin can be changed by us from time to time both up and down, the Cynergy Bank Variable Rate will not always follow changes in the Bank of England base rate. The Cynergy Bank Variable Rate/Revert Rate is published on our website. The interest rate you pay is subject to a floor. We explain more about this below.

Tracker Rate	A tracker rate is a variable rate. This means it goes up and down and your monthly payment could change as a result. The interest rate on our tracker rate follows (or tracks) the Cynergy Bank Mortgage Base Rate with an additional set rate on top of the Cynergy Bank Mortgage Base Rate for a period of time. Your mortgage offer explains this amount and the period it applies for as well as the rate that will apply at the end of the period. Your interest rate will change within one month following the month in which the Bank of England base rate changes. Where the rate changes we'll tell you about this at the same time as we tell you about the change to your monthly payment. A tracker rate applies for an initial period which is explained in your offer after which the interest rate changes to the Cynergy Bank Variable Rate/Revert Rate. The interest rate you pay is subject to a floor. We explain more about this below.
Fixed Rate	This is where the interest rate you pay doesn't go up or down, it stays the same. A fixed interest rate applies for a set period of time. Your mortgage offer explains the period the fixed rate applies for and the rate applying at the end of the period.

Interest rate floor

i	What is a **floor**? A floor is the lowest level that the interest rate will ever be. When we say that an interest rate is subject to a floor, it means this is the minimum rate of interest we'll charge.

Where you have a variable rate, the interest rate you pay is always subject to a floor. This means that the interest rate you pay will never be less than 0.0001% per annum. This is the case even where the Bank of England base rate or any other tracker rate falls below 0%.

This means the interest rate you pay will never be less than 0.0001% regardless of the type of interest rate you have.

Changing the interest rate if there's a change in the way the property is used or occupied

We can change a fixed rate, a tracker rate or increase the rate you pay where your interest rate is set at or against the Cynergy Bank Variable Rate or the Cynergy Bank Mortgage Base Rate if there's a change in the way the property is used or occupied which increases our risk. For example, this could happen if you rent the property out.

CHANGING SOME INTEREST RATES

Changing the Cynergy Bank Variable Rate Margin

We can increase the Cynergy Bank Variable Rate Margin for the reasons below. Where we increase the Cynergy Bank Variable Rate Margin, this will increase the Cynergy Bank Variable Rate/Revert Rate.

Costs of raising the money we lend	We have costs in raising the money we lend to our mortgage borrowers. These costs can change for a number of reasons. For example, if there are changes in the Bank of England base rate or other market rates. If these costs change, or we know they're going to change, we can change our Cynergy Bank Variable Rate Margin to reflect these changes. Some examples of our costs of raising the money we lend include: • the interest we pay on deposits, • the interest we pay to people we borrow money from.
Meeting regulatory requirements	To make sure that our business is run in a way which does what our regulators ask. This might be where there are changes in these requirements or to make sure we continue to meet existing requirements.
Changes in law	Where the law changes or there is a change in a code of practice we comply with. This includes where we respond to decisions of a court or an ombudsman.
Running costs	If there are changes in the costs of us running our business which are beyond our reasonable control.
Changes in technology	If there are changes in technology or systems that cause our costs to change.

We'll tell you when we increase the Cynergy Bank Variable Rate Margin in writing. The notice we give you will be no less than 30 days.

We can reduce the Cynergy Bank Variable Rate Margin at any time and tell you we've made the change.

Replacing a rate

If the Bank of England base rate stops being set and isn't replaced by a replacement rate, we'll act reasonably to identify a replacement rate. If we can't identify a replacement rate, we'll act reasonably to choose a rate of interest that'll be tracked. The rate we choose won't be a rate set by us.

We'll give you 30 days' notice of the new rate.

We can do the same with any replacement rate to the Bank or England base rate or another rate we choose as explained above.

FEES, CHARGES AND COSTS AND WHEN WE CAN CHANGE THEM

As well as paying us interest on your mortgage loan, you may also have to pay us fees, charges and costs. You must pay us fees, charges and costs on the date we ask you to pay them by.

Fees

Your mortgage offer will say if there are any fees. For example, a product fee or a mortgage account fee. Your mortgage offer will say if the fee is to be added to or taken from the mortgage loan.

We won't change these fees.

Charges

We may ask you to pay charges for services we provide or work we do in relation to your mortgage. They also cover our internal costs of providing the service or doing the work. You must pay any charges as soon as we ask you to. If you don't pay charges when we ask, we can charge interest on them. We can ask you to pay charges before we carry out the activities they relate to.

We explain our most common charges in our tariff of mortgage charges. We refer to these as our standard charges. We'll send you a copy of our tariff each year with your annual mortgage statement. You can also find it on our website at www.cynergybank.co.uk and ask us for a copy at any time.

We can reduce or remove a standard charge in our tariff at any time.

We can also increase a standard charge or introduce a new charge to our tariff at any time. We'll only do this in the following situations:

Changes to our costs	We can increase charges in proportion to changes in the cost to us of providing the service or doing the work. This could be changes to our own internal costs or the costs we pay other people. We'll only do this if the changes are beyond our reasonable control.
Meeting regulatory requirements	We comply with law and regulation. These requirements can change. If they do and we incur additional costs, we can change our standard charges in proportion to the change in our cost. This includes bringing in new charges.
Changes in law	Where the law changes or there is a change in a code of practice we comply with. This includes where we respond to decisions of a court or an ombudsman.

We'll make sure the change is proportionate to the reason for changing or introducing the change.

We can also introduce charges for providing a service or doing work where we haven't previously charged for it.

Any new or increased standard charges will be shown in our tariff and we'll tell you of any changes at least 30 days before the change is made by writing to you.

If we don't have a standard charge, we'll simply charge you a reasonable amount to cover our internal costs and any costs we pay to other people. We won't ask you to pay a charge that isn't shown in our tariff unless we tell you first and you agree to pay it.

Costs

We may ask you to pay the actual costs payable by us for doing work in relation to your mortgage. These include costs we pay to others, for example solicitors' fees. They also include costs we pay to protect our security and our rights under the agreement.

We'll only pass on costs where they aren't already covered by our standard charges. We can pass on our actual costs where we've acted reasonably, and the amount is reasonable.

You must pay any costs as soon as we ask you to. If you don't, we can charge interest on them.

EARLY REPAYMENT

You can choose to pay back your loan at any time before the end of the mortgage term. This is called early repayment.

An **early repayment** is:

- a payment of all the money you owe us early. For example, where you re-mortgage or your property is sold. A re-mortgage is where you repay the mortgage loan and take a mortgage loan with another lender. It's also where you move to a different mortgage product with us,
- a payment of some of the money you owe us early. For example, where you make a payment on top of your monthly payment. This is called an overpayment. You can set up a regular overpayment by setting up a Direct Debit or make an overpayment as a one off payment.

The ways in which you can make an overpayment are explained in your mortgage offer. Your mortgage offer will explain if there is a minimum amount of any overpayment.

It includes both where you choose to make an early payment, but also where you have to make the early repayment or we make it. This might happen if you default and we repossess your property to repay the amount you owe us.

If you make an early repayment you may have to pay a charge. This is called an **early repayment charge**. When an early repayment charge applies and how it's calculated is explained in your mortgage offer.

If an early repayment charge applies, we'll take it off the amount of the early repayment.

If you make an early repayment this will reduce the money you owe us. On an early repayment you can ask us to either reduce the mortgage term or the monthly payment. If you don't tell us which you want, we'll keep the monthly payment the same and for a capital repayment loan this will mean that you repay the money you owe us before the end of the mortgage term.

WHAT YOU NEED TO DO

Insure your property

You must make sure that your property is covered by buildings insurance. If you're buying your property, the insurance must be in place before completion of the purchase. This means it must be in place when you've bought your property.

If your property is leasehold and the landlord is responsible for insuring it, you must do all you reasonably can to make sure they're doing so and that the policy covers our requirements explained in this section. If the landlord isn't insuring your property, or you think they're insuring it for less than its full rebuilding cost, you must tell us.

The policy must be suitable to cover your property so that if something happens to it, the money from a claim will pay for it to be rebuilt.

You must make sure our interest is noted on the insurance policy.

If your property isn't insured, we may arrange insurance. This insurance may cover our interest in the property, or yours, or both. If we insure the property, we'll add the cost onto the mortgage loan and charge interest on it. We'll keep any commission we get if we arrange the insurance.

You must pay all premiums on time. You mustn't do anything which means the insurer could refuse to pay claims under the buildings insurance. You mustn't do anything which makes it more difficult or expensive to insure your property.

If we ask to see a copy of the insurance policy or proof that the premiums are being paid, you must let us have this.

If your property is let you must tell the insurer this.

You must tell us straight away if any significant damage happens to the property and you'll need to make a claim. We may require you to get our approval to the terms of any settlement with your insurer. If we do this, we'll act reasonably in giving our approval.

Any money from a claim must be used to repair or rebuild your property unless we tell you that it must be used to pay the money you owe us. We'll only do this if we reasonably think that using the money to repair or rebuild the property won't put it in good enough condition so that the property value covers the money you owe us.

If the money is used to repair or rebuild your property, we can hold the money while the repairs or rebuilding are being carried out. If we do this, we'll release the money in stages as the works progress.

If the money is used to pay the money you owe us and there is extra left over, we can forward the extra to any other person who has a right to it. If the money does not cover the amount you owe us, you will still owe the extra amount to us and we can take action against you to recover the shortfall.

Look after your property

There are certain things you must do with your property.

1	You must live in it as your only or main home. You mustn't let it out unless we agree.
2	Take good care of it and keep it secure. This includes not damaging it or reducing its value.
3	Carry out and complete any building and repair work: • to keep it in good repair, and/or • required by law or regulation.
4	Make any payments you need to make as the owner or person living in your property. This includes paying ground rent and service charges.
5	Make sure any building or other work complies with all necessary consents and regulations.
6	Keep to any restrictions, obligations and laws which apply.

If your property is leasehold

There are additional things you must do if your property is leasehold.

If your property is leasehold:

1	You must keep to the terms of the lease.
2	Keep to the terms of any management company or resident's association.
3	You must do all you can to make sure others keep to the terms of the lease. For example, any management company or your landlord.
4	You must let us have any notice from your landlord to end the lease.
5	If you are told that you have broken the terms of the lease you must let us know as soon as you can.
6	You must pay any ground rent or service charges.

If you are told that you have broken the terms of the lease and don't take any action needed to make things right, we can do this for you. If we do any of our costs and expenses will be added to the money you owe us.

If you have any shares in a management company or resident's association, you must if we ask you to, send us the share certificate and a signed share transfer form with the name of the transferee left blank.

Give us access to your property

We can enter your property to check it. We'll usually let you know beforehand if we're going to check your property. We won't be able to let you know beforehand if it's an emergency. If you don't carry out your obligations, we can carry them out for you. If we do, our costs will be payable by you and may be added to the money you owe us. These costs include the costs of any third parties we use.

Give us information

We might ask you for information about your property. For example, details of who's occupying your property. If so, you must provide us with that information.

You must tell us if you are sent a notice which relates to your property and let us have a copy within seven days.

You must comply with any valid notice you receive or, if we ask, make objections or representations relating to the notice or appeal it.

If you receive any compensation as a result of any notice, you must tell us. We can require that any compensation you receive is used to pay the money you owe us.

When you must get our permission

You must get our permission first if you want to:

1	Change how your property is used or apply for planning consent to change how it's used.
2	Make any changes to your property which changes its structure or adds to it.
3	Transfer ownership of your property. This includes selling it or giving it away.
4	If your property is leasehold, surrender (giving up), terminate or agree to change the lease of your property.
5	Give someone else security over your property or give them rights in your property which affects our interests.
6	Rent your property out or change the terms of a tenancy agreement. We may ask you to pay the rent towards the money you owe us. You won't need further permission from us if: • any new letting or change is covered by any permission we've already given to you, or • the tenant has a right to a new or extended lease.
7	Give up possession of your property or give someone a right to occupy all or part of your property. For example, allow a paying lodger to live in your property.
8	Agree to any obligations being imposed on your property.
9	Apply for any improvement or similar grants for your property.

We'll give you permission unless it's reasonable for us not to.

If we give permission, we may add conditions which you'll have to keep to. If we add any conditions, we'll act reasonably in doing so.

If you get a new or increased interest in your property

If you get a new or increased interest in your property you must tell us as soon as possible. An example of a new or increased interest is if you have a lease and you get the chance to extend the lease or acquire the freehold. If we ask you to, you must give us security over the new or increased interest. We must approve the form of security. You're responsible for paying any relevant expenses.

If we agree that you may let the property

If we agree that you may let the property, you must also:

1	Comply with all the landlord's obligations under the lease.
2	Do all you can to make sure that the tenant and anyone else who is party to the lease, such as a management company, comply with all their obligations under the lease.
3	Make sure that the property is properly protected against damage or deterioration from the weather, vandalism and malicious damage.
4	tell us who's occupying the property and on what basis they're allowed to use or occupy the property and send us any other information or documents about the property or the way it's being used, if we ask you to.
5	get written advice from a valuer as to what is market rent before any opportunity arises for a rent review.
6	provide us with a copy of the valuer's advice, if we ask for it.
7	if the valuer advises that the market rent is likely to be higher than the current rent, take all the steps you can under the lease to ensure that the review takes place and leads to the maximum increase in the rent which can reasonably be achieved.
8	tell us as soon as possible of the result of and rent review, if we ask you to.

WHEN YOU WILL HAVE BROKEN THE AGREEMENT

> What is **default**?
>
> If you don't keep to your obligations under the agreement and it's **so significant** that it is necessary for us to take steps to end the mortgage, this is called a default. A default also happens where events happen, for example you are the subject of insolvency proceedings. We explain this below.
>
> These are the scenarios where you'll have to pay back everything you owe us immediately. It's necessary for us to have these rights to help us protect our interests.

If you're in default, we can write to you to demand that you pay us all the money you owe us immediately.

You must let us know if you think you are in default.

You'll be in default if any of the following happen:

You pay late

You're in default:

- if your arrears are equal to two monthly payments or more,
- if you owe us any other amount equal to two monthly payments or more and you're more than a month late in paying this, or
- you don't pay the money you owe us when the mortgage term ends.

This doesn't apply if you're keeping to an arrangement where we've allowed you to pay late.

You break the agreement

You're in default if you've broken any term of the agreement which doesn't require you to pay money. However, you won't be in default if the breach is minor and you put it right quickly. For example, if we ask you send us a copy of a notice which relates to your property and you send it late.

The information you gave us wasn't correct

You're in default if you've given us false, incomplete or misleading information when you applied for your mortgage loan and we wouldn't have lent you the money if you'd given us the correct or complete information.

You're made bankrupt

You're in default if a bankruptcy order is made against you. This is called a sequestration order in Scotland.

What's a **bankruptcy order**?

It means you're insolvent. It is a court order. It allows your property to be sold. The proceeds are paid to the people and organisations you owe money to.

You enter a voluntary arrangement

You're in default if you put a voluntary arrangement in place with the people or organisations you owe money to. You're also in default if you're going to put a voluntary arrangement in place. This is called a voluntary arrangement in England, Wales and Northern Ireland and a trust deed or a debt arrangement scheme in Scotland.

What's a **voluntary arrangement**?

A specific type of formal arrangement that's supervised by an insolvency practitioner. Under the arrangement, the people or organisations you owe money to agree to accept only part of the money or late payment.

You apply for an interim order

You're in default if you apply for an interim order. This only applies if your property is in England or Wales.

What's an **interim order**?

An interim order is a court order. It gives you temporary protection from claims by people or organisations you owe money to. It gives you time to put together an offer so that you can make a formal arrangement to repay. The arrangement is supervised by an insolvency practitioner.

A receiver is appointed or another lender to you exercises their rights against you

You're in default if another lender with any security over your property or with security over any other property you own:

- appoints a receiver,
- takes possession of your property, or
- does any of the things we set out in the section 'What happens if you break the agreement' or takes steps to do so.

	What's a **receiver**? A receiver is someone appointed by a person or organisation you owe money to, who collects the income (such as rent) from property you've mortgaged to that person or organisation. This only applies in England and Wales.

Where your property is leasehold, you break the lease

Where your property is leasehold you're in default if you've not met the terms of your lease. This includes where you haven't paid your ground rent or service charges.

Something you've done means there's a problem with the mortgage

You're in default if there's a problem with the mortgage over your property and any other security for your loan.

This only applies if you caused or added to the problem with the documents:

- where you've been fraudulent or where you acted knowingly, or
- we've taken reasonable steps to sort the problem out but these steps have failed.

You're involved in fraud or other serious criminal activity

You're in default if we reasonably believe you're involved in fraud or other serious criminal activity.

In the event of your death

In the event of your death, this will be deemed a default of the Agreement. If you're borrowing with someone else, then it will be deemed a default when the last of you passes away.

There's a compulsory purchase order on your property

You're in default if there's a compulsory purchase order on your property or the government or another public body takes possession of your property or any part of it.

> What's a **compulsory purchase order**?
>
> A compulsory purchase order allows a public authority to acquire land owned by you, such as your property, without consent from you as the owner. A public authority can include a company with public duties, such as an electricity or water company. Examples of circumstances a compulsory purchase order can be used include:
>
> - for major building projects. For example, airport expansions, housing developments or flood defence works,
> - improving or installing services. For example, electric pylons, water mains or road or rail improvement.

Execution, diligence and similar processes are issued or enforced

You're in default if any execution, diligence or similar process is issued or enforced against any part of your assets or income.

> What's **execution**?
>
> Execution, or diligence in Scotland, is a process for enforcing a court order against you. It involves selling goods, or taking part of your income, to raise the money you must pay under the order.

Your property isn't your main or only residence

If your property isn't main or only residence, you're in default if you don't keep to any of your obligations under any other mortgage agreement you have with us and:

- we become entitled to use rights under that mortgage agreement that are the same or broadly the same as our rights under this section 'What happens if you break the agreement', and
- this agreement is also security for money you owe us under the mortgage agreement you have with us on another property.

WHAT HAPPENS IF YOU BREAK THE AGREEMENT

If you're in default and we've asked you to pay all the money you owe us, we can immediately take steps to:

1	Repossess your property. This means that we can take over control of your property from you. If you're occupying your property, you'll have to leave. If you don't, you'll be considered to be occupying the property wrongly.
2	Sell your property. We can do this even if we've not taken possession of it. We can then use the money from the sale to pay the money you owe us.
3	Appoint a receiver. This only applies in England and Wales. A receiver is someone who can be appointed to manage your property and to sell or rent it out. This includes receiving rent and other income.
4	Delay or refuse to either: • process a payment, or • do something you ask us to do, in order to reduce any financial crime risk.

The law sets out restrictions on when we can use our rights to sell your property. These restrictions are set out in the Property Acts. The law also allows us to choose not to apply these restrictions to our agreement with you. We've chosen not to apply them. This means our rights to sell your property are free from these restrictions in the Property Acts. We've provided a summary of what these restrictions are below.

The **Property Acts** are

- If your property is in England and Wales, the Law of Property Act 1925.
- If your property is in Scotland, the Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended).
- If your property is in Northern Ireland, the Conveyancing and Law of Property Act 1881 and The Conveyancing Act 1911.
- Where we refer to the Property Acts in this booklet, we also mean any changes to them. This includes any new laws which replace them in the future.

The restrictions the Property Acts apply are that we can't use our power to sell your property until certain conditions are met. If they applied it would mean, for example in England and Wales, that if we issued a notice asking you to make payment, we'd have to give you three months to make payment before exercising our right to sell.

We can use the other enforcement rights and powers given to lenders under the Property Acts and any other laws and regulations. These rights and powers include the ability to take a surrender of a lease (England and Wales only) and to insure your property. This is as well as our ability to take possession of your property, let it or sell it.

If we take possession of your property, we may remove, store, sell or dispose of goods or animals you leave at your property. We aren't responsible for any loss or damage caused by us in doing this unless we don't take reasonable care.

We can also do the following or employ someone to do these for us:

Look after your property

We can carry out repairs and improvements to your property. This includes carrying out building work on your property and applying for planning permission and other consents.

Access your property

We can access your property. We'll give you reasonable notice before we do this unless it's an emergency. If we do this, it won't mean that we, or a receiver, have taken on the legal responsibilities of a mortgagee in possession (which means the lender in a mortgage).

Get a valuation of your property

If we do, you will be responsible for the cost of the valuation. You must cooperate with the valuer. This includes giving them information they ask for and letting them access your property.

Manage your property

This includes, where your property is let and you're the landlord, ending, extending, renewing or accepting a surrender of any lease. We can also agree changes to leases.

We can give leases over your property.

We can collect any rent being paid by any tenant of your property. We can use this to pay the money you owe us.

Change the terms of the lease

If your property is leasehold, we can agree with the landlord to change the terms of the lease.

Take proceedings relating to the property

If there is any dispute, we can make an arrangement in your name for settlement or start any proceedings relating to the property.

Grant rights over land you own

If you own other land, we may give others the right to access and use it. We'll only do this if it's reasonable and necessary to protect or increase the value of your property.

We can also take the action set out above if you agree this with us.

How we apply any money received when your property is sold

If your property or any additional security is sold, we'll apply the money we receive in the following order:

First, to pay the money you owe us. This includes any costs associated with the sale.

Next, to pay any other money the mortgage deed gives us security for.

Next, to pay off anyone we know has a right to it such as another lender with a mortgage over your property.

Finally, we'll pay any remaining amount to you. If we can't find you, we can pay any surplus into an account in your name which you agree we can open for this purpose.

If we sell your property for less than the money you owe us, you'll still owe us the difference. We'll continue to charge interest on it until you pay us. This also applies if we allow you to sell your property for less than the money you owe us.

Action we can take if you have an interest only loan

If your loan is interest only and you fall into arrears and the amount of the arrears is two monthly payments or more, we can change the mortgage loan to a repayment loan and increase the monthly payment.

This is so that the money you owe us will be paid back by the end of the mortgage term.

RECEIVERS – ONLY APPLIES IN ENGLAND & WALES

Receiver – A receiver is someone who can be appointed to manage your property and to sell or rent it out. This includes receiving rent and other income.

If you break the agreement and we ask you to pay all the money you owe us immediately, we may appoint a receiver. You may ask us to appoint a receiver even where we've not demanded immediate payment of the money you owe us. If this happens, the receiver will have all the same powers as if we'd demanded immediate payment of the money you owe us.

Whether we decide to appoint the receiver or you ask us to, it is us who will appoint the receiver but they will act for you and not us. You'll be responsible for their costs as well as for what they do. Their costs include both the amount they're paid and any additional costs they incur. We can agree the amount they're paid. The amount they're paid must be reasonable.

You can't cancel a receiver's appointment, but we can remove a receiver by telling you.

More than one person can be appointed as a receiver. Where more than one person is appointed as a receiver, each of them may exercise their powers independently.

A receiver may use and pay other people to carry out work that is needed. They can't appoint another receiver.

A receiver can repossess or sell your property on such terms as they think fit. They must sell it for the best price they can reasonably get.

They'll also have the other enforcement rights that we have with the benefit of some extra rights we explain below.

This includes being able to:

1	Use all of the powers of a receiver appointed under the Property Acts.
2	Borrow money and use your property as security for money they borrow.
3	Make arrangements with former or current tenants or occupiers of your property or enforce their obligations. This includes collecting unpaid rent.
4	Take action to surrender or terminate any tenancy.
5	Take action to get possession of all or part of your property.
6	Grant new leases.
7	Receive money payable to you relating to your property and any rights or claims you have over it.
8	Receive any money from any insurance policies, guarantees or other compensation relating to your property, the mortgage or the agreement.

Any money received by the receiver will be used in the following order:

First, in meeting any claims which must be paid in priority to the mortgage.

↓

Next, in paying their costs in relation to their appointment or in relation to how they've used their powers as a receiver.

↓

Next, in paying the amount they're paid (their remuneration).

↓

Next, in reducing or paying off the money you owe us.

↓

Next, to pay off anyone who has a right to it such as another lender with a mortgage over your property.

↓

Finally, they'll pay any remaining amount to you.

The receiver isn't required to pay off the money you owe us in any particular order. They can choose to use any money they receive to pay off interest on your mortgage loan before paying off the mortgage loan itself and any fees, charges and costs.

We may ask the receiver to set aside money from the sale of your property. This is to allow us to use it in the future against a contingent liability secured by the mortgage.

A purchaser or other person dealing with any receiver doesn't need to ask whether the receiver's power to act has commenced or whether the receiver is using their powers properly.

SET-OFF

If you don't pay back money you owe us when you should have done, we can repay it using money in any of your accounts with us. This includes money held with other companies within the Cynergy Bank group. This is called a 'right of set-off'.

We can do this unless the law or other restrictions prevent it. For example, we won't use any money that we think you need for essential living expenses or important debts. We also won't use any money that you are holding for someone else.

Our right of set off also applies to joint accounts. For joint accounts and joint debts, we can use:

money in an account you hold in your sole name → **to pay debts you owe jointly with**

money in an account you hold jointly → **to pay debts you owe jointly with**

We'll give you at least 14 days' notice before we use any money under this right.

You don't have a right of set-off against us.

ACTING ON YOUR BEHALF

When you take out this mortgage you appoint us to be your attorney. This is someone who can legally act on your behalf. We can also delegate this power to someone else.

You also appoint any receiver to be your attorney.

This appointment will continue until the agreement ends and you can't cancel it.

We'll be your attorney until your mortgage has been paid in full. This includes the money you owe us and any other amounts secured by your mortgage.

This allows us, or the receiver, to do anything needed to use, protect and enforce our rights under your mortgage in your name and on your behalf.

This means we (or a receiver) can do the following:

- sign documents,
- enter into agreements,
- register documents at the land registry on your behalf.

Where we, or a receiver, do something as your attorney it's as if you had done the thing yourself.

If you're borrowing with someone else, when acting as attorney we, or a receiver, will act for all of you together and each of you separately.

TRANSFERRING YOUR LOAN AND MORTGAGE

If this happens

it won't reduce the rights that the agreement gives you

you must do everything you have to do under the agreement for them, instead of us

If we transfer our rights, we'll make a statement of policy with the company to transfer them to. It'll ask them to make sure that you're treated no less favourably than you were by us.

Where we transfer our rights or obligations or where we're about to transfer our rights, we may share:

- information and documents you gave us when you applied for a loan,
- other information or documents we have about your property, the agreement, the security or the way you've kept up with the agreement.

WHEN WE CAN MAKE CHANGES TO THE AGREEMENT

We explain earlier in this booklet how we can make changes to interest rates and fees and charges.

We can change, remove or add to terms of the agreement if we think the change isn't to your disadvantage.

We can also make changes	If regulations change.
	If the law or codes of practice change. This includes where we respond to decisions of a court or an ombudsman.
	Because of changes in the systems we use to manage our accounts. This includes changes in technology which improve the operation of those systems and when we integrate systems used by other financial organisations.
	Because the products or services we offer change.

We'll make sure any change is proportionate to the reason for making it. If the change is to your disadvantage, we'll give you at least 60 working days' notice of the change.

For example, we might use this power to make changes to how we charge interest.

OTHER CONDITIONS

We might choose not to enforce any part of the agreement. Or we might delay enforcing it. This won't mean that we aren't able to enforce the same part later. It won't change our right to enforce the rest of the agreement. For example, if you don't pay us, we've the right to ask the court to allow us to take your property. If we don't ask the court straight away, we can still ask them later.

If we can't enforce any part of the agreement, that doesn't impact our right to enforce the rest of the agreement.

Nothing in this agreement will stop us from being responsible to you if we have acted fraudulently or with gross negligence, or if the law stops us from excluding our responsibilities for any other reason.

The Contracts (Rights of Third Parties) Act 1999 doesn't apply to the agreement. This Act allows people who haven't signed up to an agreement to use rights given under that agreement. We include this term to make sure other people who haven't signed up to the agreement can't use any rights under it.

We won't be liable to you for any direct or indirect loss you suffer (for example, loss of profit) if we are unable to provide any service or fulfil any obligation under the agreement for reasons beyond our reasonable control.

You agree to sign any document we may need to safeguard your mortgage or any additional security, to protect our interest in your property or to exercise our rights under the agreement. We'll prepare the documents and you are responsible for meeting the cost of them.

We can ask you to provide us with copies of document or information relevant to the mortgage loan or your property or any additional security. If we do you will need to let us have this promptly. We'll act reasonably in asking for information from you.

HOW WE'LL COMMUNICATE WITH YOU

	How we'll contact you	Where we'll send it	When we'll assume you've received it
	Post	The address you've given us. If you give us more than one address we can send to any of the addresses you have given us	Within two business days of posting
	Email	The email address you've given us	On the day we send the email
	Online account	We'll post it within the secure area of your online account	On the day we post it in the secure area

It's important that you tell us if you change the address or email address of where you want communications to be sent.

WHICH LAW APPLIES

The agreement is governed by the law and regulations of the country in which your property is situated. The laws and regulations of that country will also decide any legal questions about our relations with you before the agreement is entered into.

Calls may be monitored and/or recorded for quality evaluation, training and to ensure compliance with laws and regulations.

Cynergy Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 575105. You can check this by visiting the FCA website at www.fca.org.uk or by contacting the FCA on 0800 111 6768.