

Mortgage Conditions 2020

Scotland

Ecology Building Society

Mortgage Conditions 2020

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MORTGAGE CONDITIONS 2020

Scotland

These **conditions**, when read with your **offer**, set out the terms that govern your mortgage.

It is important that you read the **conditions** carefully. If you have any queries about these **conditions**, please ask us or your solicitor or conveyancer.

You should keep this booklet in a safe place in case you want to check the **conditions** that apply to your **mortgage**.

The headings in these **conditions** are not to be taken into account in interpreting them.

1 Interpretation

1.1 In these **conditions** –

“we”, “us”, “our” and “the Society” refer to Ecology Building Society, any successors who take over some or all of our rights under the **mortgage** and any other persons entitled to the benefit of the **mortgage** at law or in equity;

“you” and “your” refer to the **borrower** and anyone who takes over your responsibilities for the payment of the **mortgage**. If there is more than one **borrower** then all these **conditions** apply equally to all of you and separately to each of you. It is important to note that this means that each of you is responsible on your own for the whole of the **money you owe us**, and not just a part or proportion of it.

1.2 Words given a special meaning by **condition** 1.3 are printed throughout these **conditions** in bold type.

1.3 In these **conditions**, the words listed below have the meanings shown beside them –

“**borrower**” means the person or persons named as the **borrower** in the **Standard Security** and includes their personal representatives. If two or more people are the **borrower**, then **borrower** means all of them together and each one of them separately;

“**capital**” means any money on which we can charge interest under these **conditions**, that is to say –

- any money we have lent you and you have not repaid;
- any **expenses** you have not repaid;
- any **charges** you have not paid; and

- any interest you have not paid off by the end of the **month** in which it became due;

“**charges**” has the meaning given by **condition 21**;

“**completion**” means the date on which we release funds for the **loan**; that is to say, the day we post a cheque, or make an electronic transfer of money, to you or your solicitor or conveyancer, or to any other person on your behalf;

“**conditions**” means these mortgage conditions and a **condition** means any one of them;

“**early repayment charge**” means any additional payment which the **offer** requires you to make if you repay all or part of the **money you owe us** before the end of the repayment period;

“**expenses**” has the meaning given by **condition 20**;

“**further loan**” means any further money which we lend you under the **mortgage**;

“**guarantor**” is any person who has agreed to guarantee your obligations under the **mortgage**, and includes the **guarantor’s** personal representatives;

“**interest-only scheme**” means any scheme which is set out in the **offer** and which provides that the repayment of all or some of the money we lend you is to be put off until the end of the **repayment period** or any shorter period stated in the scheme;

“**interest rate**” means the rate of interest shown in the **offer**, or any changed rate of interest which applies under **condition 4**;

“**loan**” means any money we lend to you which you and we agree is to be secured by the **Standard Security**. It includes **further loans** made after the date of the original **loan** which you and we agree are to be secured by the **Standard Security**;

- If you have more than one **loan**, references to the **loan** are references to each **loan** considered separately and references to **monthly payments** and the **repayment period** mean the **monthly payments** and **repayment period** which apply to the **loan** in question, if they are different;
- In releasing any **loan** money to you, we do not guarantee that either the price or condition of the **property** is reasonable. You must satisfy yourself on these points;

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

the “**money you owe us**” means all the money you owe us under these **conditions** or the **offer** (including any unpaid interest, **expenses** or **charges**);

“**month**” means a calendar month;

“**monthly payment**” means the amount which you must pay each **month**. Your initial **monthly payment** will be shown on your **offer**, but we may change the **monthly payment** in accordance with **condition 5**;

“**mortgage**” means the entire legal agreement under which we agree to make a **loan** to you and includes the **Standard Security**, these **conditions**, and your **offer**. If we have agreed to make more than one **loan** to you, the **mortgage** includes the terms and conditions of each **offer**;

“**offer**” has the following meanings –

- when applied to the **loan**, the **offer** means the mortgage offer by which we offered to make the **loan** to you, including any mortgage illustration and special conditions referred to in it;
- when applied to any **further loan**, the **offer** means the **further loan** offer by which we offered to make the **further loan** to you, including any mortgage illustration and special conditions referred to in it;
- your **offer** may consist of more than one document;
- in every case, references to the **offer** include any changes we make to the **offer** terms before we lend you the money, and any changes which you and we agree after that;

“**property**” means all the **property** (or any part of it) described in the **Standard Security**. It includes all fixtures and buildings of any kind (including fixtures and buildings added after **completion** of the **mortgage**);

“**property rights**” means any rights to which you may become entitled in respect of the **property**, including –

- compensation or other money received or receivable in respect of damage caused to the **property** or because it (or any part of it) has reduced in value, or been compulsorily purchased;
- any agreement, option, right of pre-emption, guarantee or indemnity relating to the **property** or its construction, state or condition;
- any **share** in or rights of membership in a management company, or tenants’ or residents’ association;
- the benefit of any right to obtain the improvement of, or any payment in connection with, any roads, sewers, drains and other services or amenities;
- any policy providing insurance against title defects or adverse rights; and
- any other benefits which you may have or receive in respect of the **property**, but not including money or grants payable to you in respect of maintenance or improvement or any money from the insurance which is dealt with in **condition 12**;

“**rebuilding cost**” means the full cost of rebuilding the **property**, including all professional fees and the cost of meeting planning and local authority requirements;

“**repayment period**” means the period of time during which you agree to repay the **loan** to us as specified in your **offer**;

“**rules**” means the Society’s **rules** in force from time to time;

“**shares**” means any **shares** or other membership rights which you hold in a management company or residents’ society by virtue of owning the **property**;

“**Standard Security**” means any standard security in our favour signed by you and registered or to be registered in the Land Register of Scotland in respect of any property, which says that these **conditions** are incorporated in it;

“**tariff**” means our list of fees and **charges** that apply to your **mortgage**;

“**year**” means a **year** from 1st January to 31st December.

- 1.4 References to a provision in a statute or statutory instrument include any changes which are made to it, and to any provision which replaces it.
- 1.5 The singular includes the plural and the other way round, unless the context indicates otherwise.
- 1.6 If their terms are not consistent –
 - (a) the **offer** prevails over the **Standard Security**, these **conditions** and the **rules**;
 - (b) the **Standard Security** prevails over these **conditions** and the **rules**;
 - (c) these **conditions** prevail over the **rules**.

2 Provisions for payment

- 2.1 You agree to pay us the **monthly payments** until you have repaid all the **money you owe us**.
- 2.2 You must make the **monthly payments** by the end of each **month**, starting in the **month** following the date of the **mortgage**.
- 2.3 We will work out the **monthly payment** so as to provide that –
 - if your **loan** is a repayment **loan**, the **monthly payment** will be calculated so as to pay off the **loan** and interest by the end of the **repayment period**;
 - if your **loan** is an interest-only **loan**, the **monthly payment** on the interest-only portion will only cover interest, and all other amounts you owe us under the **mortgage** (including the **loan** itself and any **expenses** and **charges** that are added to the **money you owe us**) must be paid separately by the end of the **repayment period**.
- 2.4 Your **offer** will tell you whether your **loan** is repayment or interest-only. It may be that one part of the **loan** is on a repayment basis and the other part is on an interest-only basis.

- 2.5 If we allow you to pay your **mortgage** (or any part of it) on an interest-only basis, you must repay the **loan** (or any part of it subject to an **interest-only scheme**) and any **expenses** and **charges** at the end of the **repayment period**. There is further provision regarding **interest-only schemes** at **condition 19**.
- 2.6 If we release the **mortgage** in error (because, for example, we miscalculate the amount of the **money you owe us**) we may claim from you any amount still owing. However, we will not be entitled to do this if we do not give you notice in writing within three **months** of the date of release (unless you or any **guarantor** was aware of the mistake at the time of the release), or if you can show that you have changed your financial position to your disadvantage, as a result of the error, at a time when you were not aware of it.
- 2.7 The terms on which we may allow you to –
- (a) postpone or pay reduced **monthly payments**;
 - (b) increase the **money you owe us** (whether by means of a **further loan** or otherwise); or
 - (c) offset any of your savings account balances against the **money you owe us** for the purpose of determining the amount of interest you have to pay;
- will be as set out in the **offer** or as agreed by us from time to time.
- 2.8 We will use any payments you make to us or we otherwise recover under the **mortgage** in the following way. First, we will use them towards payment of any arrears of **monthly payments**. Any balance will be used towards payment of any interest you owe and any outstanding **expenses** or **charges**, in such order as we may decide. Any remaining balance after that will be used to reduce the principal amount of the **loan**.

3 Interest

- 3.1 We will charge interest on the **money you owe us** at the **interest rate**.
- 3.2 Interest will be calculated on a daily basis, and is payable as part of the **monthly payments**. However, each **monthly payment** will be calculated on the basis of one-twelfth of a **year**, and not on the basis of the exact number of days in the particular **month**.
- 3.3 In calculating your interest on this basis, we therefore take account of the following –
- (a) the amount of your **loan** (or **further loan**) and the date in the **month** on which it is first made;
 - (b) the balance of your **loan** (or **further loan**) outstanding at the end of each **month**;
 - (c) the amount and date of all payments made each **month** to reduce the **capital** of your **loan** or **further loan**;
 - (d) the amount of any interest due from you but not paid at the end of the previous **month**;

(e) any **expenses** or **charges** due from you and remaining unpaid, which are dealt with in **conditions** 20.4 and 21.7.

3.4 We may at any time change the method by which we calculate and charge interest by giving you personal notice. The alteration will apply from the date stated in the notice, which will not be earlier than the date when we give the notice. We may make the alteration for any of the following reasons –

(a) to respond to changes in the law or the decisions of a court or ombudsman;

(b) to respond to changes to relevant regulatory requirements;

(c) to respond to new or amended statements or codes of practice designed to enhance consumer protection;

(d) where it is reasonable for us to conclude that the alteration will not be to your disadvantage.

Any change that we make under this **condition** 3.4 will be proportionate to the reason(s) we have for making the change.

3.5 Interest will continue to be charged at the **interest rate**:

(a) even if we get a court order against you for payment of some or all of the **money you owe us**; and

(b) if the **repayment period** ends before you have repaid all of the **money you owe us**.

4 Changing the interest rate

4.1 Where the **offer** specifically provides for a reduction in the **interest rate** at the end of a particular period, we will reduce the rate at that time provided you have complied with all the terms of the **offer**, the **mortgage** and these **conditions**.

4.2 Where the **offer** specifically provides for an increase in the **interest rate** at the end of a particular period, we will increase the rate automatically at that time.

4.3 The remaining paragraphs of this **condition** apply to changes in the **interest rate** where we are free to vary it in accordance with these **conditions**.

4.4 We may reduce the **interest rate** at any time without advance notice, but we will inform you at the earliest opportunity.

4.5 We can also change the **interest rate** for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future) –

- to respond to changes in the Bank of England base rate;

- to respond to changes in the law or the decisions of a court or ombudsman;

- to respond to changes to relevant regulatory requirements;
- to respond to new or amended statements or codes of practice designed to enhance consumer protection;
- to respond to changes in the costs incurred by us in providing the **mortgage** (such as our funding or administration costs, or regulatory or compensation scheme levies and charges);
- to respond to any increased cost or risk incurred by us as a result of any change of use of the **property** or its occupation (for example, if the **property** is let);
- to enable us to maintain our financial strength, in a reasonable and prudent manner, for the benefit of all our members;
- for any other reason set out specifically in the **offer**.

Any change that we make under this **condition** 4.5 will be proportionate to the reason(s) we have for making the change.

- 4.6 This paragraph applies if we wish to increase or reduce the **interest rate** at a time when the **offer** allows us to charge you an **early repayment charge** on repaying the whole of the **money you owe us**. In such a case, we will only change the **interest rate** by the same amount and with effect from the same date as we do for all our other **borrowers** with similar mortgages who are not subject to the **early repayment charge**.
- 4.7 We will give you personal notice of a change under **condition** 4.5 a reasonable time before it takes effect.
- 4.8 We will give you notice of a change in the **interest rate** by either posting it to you or delivering the notice to you under **condition** 23.

5 Changing the monthly payment

- 5.1 We may change the **monthly payment** for the reasons given at **condition** 5.2 by giving you reasonable personal notice. The change will apply from the date stated in the notice, which will not be earlier than the date when we give the notice.
- 5.2 We may change the **monthly payment** for any of the following reasons –
- (a) to reflect a change in the **interest rate** under the **offer** or **condition** 4;
 - (b) to provide for the repayment of any **further loan** we make to you;
 - (c) to provide for the repayment of any **expenses** which become due under **condition** 20;
 - (d) to provide for the payment of any **charges** which become due under **condition** 21;

(e) to take account of any repayments of **capital** which you make other than as part of your **monthly payment**;

(f) to reflect the introduction or cancellation of any **interest-only scheme**;

(g) if we need to provide for any other matter to make sure –

- that the **money you owe us** is repaid by the end of the **repayment period**; or
- that, if different **repayment periods** apply to different parts of the **money you owe us**, each part is repaid by the end of the **repayment period** which applies to it.

Any change that we make under this **condition 5.2** will be proportionate to the reason(s) we have for making the change,

5.3 We will review your account annually to determine whether the **monthly payment** should be changed under **conditions 5.1** and **5.2(c)** to provide for repayment of any **expenses**.

5.4 We will not include any arrears balance in the recalculation of the **monthly payment** following any of the events listed at **condition 5.2 (a) – (g)**. Instead, you are required to contact us to make a separate arrangement to ensure that any arrears balance (which will attract interest at the **interest rate**) is repaid within a reasonable timeframe. You should make contact with us to make this separate arrangement as soon as the **mortgage** falls into arrears.

5.5 **Charges** and **expenses**, including those incurred due to arrears, are included in the recalculation of the **monthly payment**.

6 Conditions contained in the offer

6.1 This **condition** applies if the **offer** contained any general or special conditions telling you what will happen, or what you must do, in particular circumstances following **completion** of the **mortgage**.

6.2 In relation to any such conditions (and whether or not they are specifically referred to in these conditions), you must –

- (a) follow all the requirements;
- (b) take all the steps; and
- (c) meet all the necessary time-limits;

set out in them.

7 The rules

So long as we are a building society, and unless the **offer** says otherwise, you are a member of the Society and bound by the **rules**. However, only the first named **borrower** will have borrowing membership rights e.g. voting rights.

8 Property rights

- 8.1 So far as you are able, you assign the **property rights** to us. We will re-assign them to you when you have repaid the **money you owe us**.
- 8.2 If you receive any money under any of the **property rights**, you will hold the money on trust for us.
- 8.3 Any money which you or we receive under any of the **property rights** must be used to reduce or pay off the **money you owe us**. This does not apply if –
- (a) the money was paid because of a defect in the **property** or damage to it; and
 - (b) we give our written consent to the money being used to put right the defect or damage.

9 Provisions concerning the property

- 9.1 Until the **Standard Security** has been released you must do the following –
- (a) keep the **property** in good repair;
 - (b) make sure that, if it was a requirement of the **offer**, you complete any new buildings on the **property** or carry out any repairs or improvements to existing buildings, all in a proper manner and within the time limits stated in the **offer**;
 - (c) keep to any covenants which apply to the **property**;
 - (d) comply with all legal restrictions, obligations and **conditions** affecting the **property** and comply with all planning, housing and environmental laws and the requirements of local and other authorities;
 - (e) make sure that nothing is done which may lead to any insurance of the **property** becoming invalid or make it more difficult or expensive to insure the **property**;
 - (f) pay all rates, taxes or other charges when due which are the responsibility of the owner or occupier of the **property**;
 - (g) tell us about any significant dispute affecting the **property** or any lease of the **property**;
 - (h) give us any information about the **property** which we reasonably ask for.

- 9.2 Until the **Standard Security** has been released you must NOT do any of the following in relation to the **property** unless we have agreed in writing that you can –
- (a) make any structural alterations to the **property**, demolish it or change its use;
 - (b) make any additions to the **property**;
 - (c) allow anything to be done at the **property** which is treated as a development under the Town and Country Planning (Scotland) Act 1997;
 - (d) sell, transfer or otherwise dispose of the **property**;
 - (e) create any letting, lease or licence, or terminate or change any lease (and any statutory right you may otherwise have to do this will not apply);
 - (f) grant any other interest in the **property** or any rights over it (except for another mortgage to which our **mortgage** has priority);
 - (g) apply for any improvement grant or other similar grant for the **property**;
 - (h) part with possession of the **property** or share possession of it with anyone else;
 - (i) create any circumstance (such as causing pollution or keeping any hazardous substances) which could lead to any liability on you or us under any environmental laws.

We will not unreasonably refuse a request from you to do something under **condition** 9.2, but we may require a **charge** or additional interest to be paid as a condition of giving our consent. The amount of any **charge** may be set out in the **tariff**. We will set the amount of any **charge** not set out in the **tariff**, and any additional interest we require you to pay, at a level which is proportionate having regard to any additional costs we will (or are likely to) incur and any new or increased risks to the **property**.

- 9.3 This paragraph applies if you receive a notice or order which affects the **property** from any statutory authority or from anyone claiming to exercise a statutory right over the **property**. Where this paragraph applies, you agree to –
- (a) send us a copy of the notice or order within 14 days of receiving it;
 - (b) give us written notice of any steps which you intend to take in response to the notice or order;
 - (c) make any reasonable representations about the notice or order which we ask you to make.

10 Property held under a Long Lease

- 10.1 This **condition** applies if you hold the **property** under a Long Lease.
- 10.2 You must –

- (a) pay the rent due under the Long Lease on time;
 - (b) keep to all the tenant's obligations under the Long Lease;
 - (c) if asked, show us receipts for the rent and other sums payable under the Long Lease.
- 10.3 Our security includes any of the following interests which you acquire –
- (a) a new or extended Long Lease of the **property**;
 - (b) where title to the **property** is converted to outright ownership of the **property** by virtue of the Long Leases (Scotland) Act 2012.
- 10.4 If you acquire an interest mentioned in **condition** 10.3, you agree to do the following no later than one **month** after completing the acquisition –
- (a) deliver the title deeds for the interest to us;
 - (b) if asked, grant a **Standard Security** in an appropriate form approved by us over such new interest.

11 Your power to grant leases

- 11.1 These **conditions** exclude your statutory power –
- (a) to grant a lease of the **property** or agree to grant one;
 - (b) to allow anyone to surrender a lease of the **property**.
- 11.2 If you wish to grant a lease or tenancy of the **property**, or to agree to any changes affecting the same, then unless the **offer** sets out the terms on which you may do so, you must first get our written consent in accordance with **condition** 9.2.

12 Insurance

- 12.1 Subject to the terms of the **offer** and **condition** 12.2, you must insure the **property** as follows –
- (a) you must make sure that the cover under the insurance is adequate at all times;
 - (b) you must keep the **property** insured under a comprehensive buildings insurance policy for the amount of the current **rebuilding cost**;
 - (c) you must pay the premiums when due and provide us with evidence that you have paid the premiums, as and when we reasonably request it. However, we are not under any obligation to you to check that your policy is in force nor are we under any obligation to check the adequacy of the insurance;

- (d) any excess specified in the policy must not be more than is reasonable;
- (e) we reserve the right to require that we approve your choice of insurer (but we will not unreasonably withhold our approval).
- 12.2 If you hold the **property** under a lease which provides for the **property** to be insured by someone else (for example your landlord), you must do your best to ensure that –
- the **property** is kept insured with a reputable insurer;
 - the insurance is under a comprehensive policy;
 - the amount insured is not less than the current **rebuilding cost**.
- 12.3 If you do not insure the **property** under **condition** 12.1 or the **property** is not insured as described in **condition** 12.2, or if you do not keep to the terms set out in those paragraphs, we may insure the **property** as follows –
- (a) the insurance will be at your expense;
- (b) we will choose –
- the insurer;
 - the risks to be covered;
 - the name or names in which the insurance is to be held;
 - the amount of any excess under the policy.
- (c) the insurance may be for any amount up to the current **rebuilding cost**;
- (d) you will not insure the **property** separately while we are insuring it.
- 12.4 The following terms apply whoever insures the **property** –
- (a) if you receive any money under the policy, you will hold it on trust for us;
- (b) you have the right to choose whether any money received by you or us from any insurance in respect of the **property** is used in making good the damage or loss that was the reason for the claim or in or towards payment of the **money you owe us**, unless the **property** cannot lawfully be repaired or the **money you owe us** has become payable under **condition** 15. In those cases, the money must be applied in or towards payment of the **money you owe us** unless we agree otherwise;
- (c) we may settle all claims under the policy which concern the **property**;
- (d) we may keep any commission or other benefit we receive in connection with the insurance of the **property**;

- (e) you will tell us as soon as anything happens which may give rise to a claim under the policy;
- (f) if there is a possible claim on the insurance then you must make a claim. We may take control of the claim and (acting reasonably) agree settlement with the insurance company.

13 Our rights and remedies

- 13.1 For the purposes of (a) The Conveyancing and Feudal Reform (Scotland) Act 1970 and (b) The Homeowner and Debtor Protection (Scotland) Act 2010, the **mortgage** money is to be treated as due one **month** after the date of the **mortgage**.
- 13.2 At any time after the **money you owe us** has become immediately due and payable under **condition 15**, we may do any of the following –
 - (a) take possession of the **property** and require you to leave it;
 - (b) sell the **property** by any method we reasonably consider appropriate (including selling in parts), taking into account the nature of the **property** and its condition at the time of sale or disposal;
 - (c) let the **property**, furnished or unfurnished, at such a rent and on such terms as we reasonably think fit or bring any letting of the **property** to an end;
 - (d) exercise all other powers given to heritable creditors by (a) The Conveyancing and Feudal Reform (Scotland) Act 1970 and (b) The Homeowner and Debtor Protection (Scotland) Act 2010;
 - (e) employ agents to assist in doing the things referred to in this **condition 13.2**.
- 13.3 We may enter the **property** at any reasonable time (whether or not the **money you owe us** has become due and payable) –
 - (a) to inspect it;
 - (b) to do any work which is needed to put right any failure of yours to keep to these **conditions**.

We will only exercise our rights under this **condition 13.3** if we reasonably believe there is a risk of damage to the **property** and/or that we might suffer loss if we were to realise our security. If we enter the **property** under this **condition 13.3**, it does not mean that we have accepted the legal responsibilities of a heritable creditor in possession.

- 13.4 Where **condition 13.5** applies, our statutory and other powers are extended so as to allow us to do any of the following –
 - (a) repair, alter or improve the **property**, as we reasonably think fit, in order to preserve the **property** or protect our security;

(b) carry out building work at the **property** and apply for any planning permission or other consents which are needed for that purpose;

(c) grant a lease or tenancy of the **property**;

(d) if the **property** is let –

- bring the lease to an end;
- agree with the tenant to change the terms of the lease;
- accept a surrender of the lease;

(e) transfer any **share** to a purchaser of the **property**.

13.5 We will only exercise our further powers under **condition** 13.4 –

(a) if it is reasonable for us to exercise them to protect our security or to realise our security on favourable terms; and

(b) the **money you owe us** has become immediately payable under **condition** 15.

13.6 If we sell the **property** and the amount we obtain for it (after deducting all our **expenses**) is insufficient to repay the **money you owe us**, you agree, independently of any other **conditions**, to pay us the shortfall with interest calculated in the manner set out in **condition** 3.

14 Redeeming your mortgage

14.1 Subject to **condition** 14.2, you may pay off the **mortgage** at any time by repaying the **money you owe us** (together with interest up to the date of repayment and including any **expenses** or **charges**) and any **early repayment charges** specified in the **offer**.

14.2 We may require you to repay all other **mortgages** you have with us (other than any which are regulated agreements under the Consumer Credit Act 1974) before we release the security given to us by the **mortgage**. Section 93 of the **LPA** (which might otherwise prevent us from insisting on this) will not apply.

15 Instances in which the money you owe us becomes immediately payable

15.1 The **money you owe us** may become immediately payable as a result of the following events –

(a) if you are two or more **months** late in paying any sums due under the **mortgage** which add up to or exceed two **monthly payments**;

- (b) you fail to comply with any other term of the **mortgage** in a respect which creates a new or increased risk of damage to the **property** and/or that we would suffer loss if we were to realise our security and you do not put your failure right within 30 days of our giving you personal notice of it;
- (c) if –
- a bankruptcy order is made against you;
 - you enter into a voluntary arrangement or a deed of arrangement;
 - you apply for an interim order;
- (d) if the **property** is compulsorily purchased or requisitioned by any authority legally entitled to do so;
- (e) the **property** is destroyed or demolished without our consent;
- (f) any **guarantor** dies, becomes bankrupt or becomes unable to pay their debts, unless there is a replacement **guarantor** which is acceptable to us;
- (g) you abandon the **property**;
- (h) our security for the **mortgage** becomes unenforceable;
- (i) you have been guilty of any fraud, or have dishonestly provided us with misleading information, in relation to the **mortgage**.

16 Our powers in possession

- 16.1 This **condition** applies if we have taken possession of the **property** and shall be read in conjunction with both (a) The Conveyancing and Feudal Reform (Scotland) Act 1970 and (b) The Homeowner and Debtor Protection (Scotland) Act 2010.
- 16.2 When this **condition** applies –
- (a) if the **property** is let, we may collect any rent being paid by the tenant and use it to reduce or pay off the **money you owe us**;
- (b) if we take possession of the **property**, we may remove, store and/or sell any furniture, personal items or animals in it. We will notify you before we do this. You will be responsible for any **expenses** we reasonably incur. We will account to you for any sale proceeds we receive (after deducting our reasonable **expenses**), but otherwise we will not be responsible for any loss caused to you, providing we take such care as is reasonable in the circumstances. This power does not give us any interest in, or security over, furniture, personal items or animals;
- (c) nothing in sub-paragraph (b) above gives us any security over any goods or animals at the **property**.

17 Transfer of the mortgage

- 17.1 We may transfer, charge or otherwise dispose of, at law and/or in equity, some or all of our rights under the **mortgage** in favour of a third party at any time. We will only transfer our rights if –
- (a) the third party agrees to exercise the transferred rights in accordance with a statement of policy which we approve before the transfer; and
 - (b) we reasonably think that the policy described in the statement is no less favourable to you, to any material extent, than the policy we were following before the transfer.
- 17.2 If we transfer all of our rights under the **mortgage** to a third party who is not a building society, the **rules** will no longer apply.
- 17.3 Unless the terms of the transfer state otherwise, a transferee of the **mortgage** will be able to exercise all the rights, powers and remedies which we could exercise before the transfer.
- 17.4 You will be bound by any statement of fact which we make in the terms of transfer unless we made the statement without taking reasonable care.
- 17.5 This **condition** does not apply to a transfer of the **mortgage** on a merger between us and another building society, or to a transfer of our business to a company under the Building Societies Act 1986. Instead, the provisions of that Act will apply.
- 17.6 In the event of any such merger or transfer we may disclose any information relating to you and the **mortgage**.

18 The money secured by the mortgage

- 18.1 The **mortgage** secures –
- (a) the **money you owe us**; and
 - (b) any other money which you owe us at any time and which we have agreed should be secured by the **mortgage**.
- 18.2 Until you have repaid the **money you owe us**, we will not release any **property** which we hold as security for any other **money you owe us** and which is secured by the **mortgage**.

19 Interest-only schemes

- 19.1 Where the **offer** says that the **loan** is made under an **interest-only scheme** or where we later agree to allow the provisions of such a scheme to apply to you we will work out your **monthly payment** in accordance with **condition 2.3**.

- 19.2 Under any **interest-only scheme** you must –
- (a) keep in place suitable arrangements for ensuring that you will be able to repay all the **capital** covered by the scheme at the end of the **repayment period** (or at the end of any shorter period stated in the scheme); and
 - (b) if asked, provide us with such evidence as we may reasonably require to show that these arrangements remain in place.
- 19.3 For the purposes of **condition 19.2**, “suitable arrangements” include any savings, investment or pension plans which you have taken out and which we accept are reasonably likely to produce (individually or in combination) at the end of the **repayment period** (or at the end of any shorter period stated in the **interest-only scheme**) a sum sufficient to repay all the **capital** covered by the scheme.
- 19.4 We may cancel an **interest-only scheme** and convert your interest-only **mortgage** to a repayment **mortgage** during the **repayment period** if –
- you do not keep up with payments under any arrangements intended to ensure that you will be able to repay the **capital**, and that failure jeopardises your ability to carry out your repayment strategy effectively; or
 - we have any other reasonable grounds to believe that the arrangements intended to ensure that you will be able to repay the **capital** will not be effective.

Before we convert your interest-only **mortgage** to a repayment **mortgage** under this **condition 19.4**, we will give you personal notice giving you 56 days to put the problem right. If you do so, we will not convert your **mortgage**. We will only exercise our rights under this **condition 19.4** if you consent to us doing so.

20 Expenses

- 20.1 In these **conditions**, “**expenses**” means all reasonable costs and **expenses** relating to the **mortgage** which are of the kind mentioned in **condition 20.2** and which –
- (a) we have to pay to any other person; or
 - (b) we have incurred as internal administrative costs.
- 20.2 Our **expenses** include (but are not limited to) all costs and **expenses** paid or incurred in –
- (a) taking legal proceedings in respect of the **mortgage** (this applies whether or not you are a party to the proceedings);
 - (b) exercising any of the rights or powers given to us by statute or these **conditions**;
 - (c) recovering any of the **money you owe us**;
 - (d) protecting or preserving our security;

(e) insuring the **property**;

(f) doing any work or making any payment which is needed to put right any failure of yours to keep to these **conditions**.

Any such **expenses** arising out of **conditions** 20.1(a) or 20.1(b) may also include legal costs of a reasonable amount which we have reasonably incurred.

20.3 You must pay us all **expenses** in full, unless you show that –

(a) the **expenses** were incurred unreasonably; or

(b) the amount of the **expenses** is unreasonable.

20.4 Unless the **expenses** are repaid as part of a set **charge** under the provisions of **condition** 21, you must repay them as soon as we give you personal notice requiring you to do so. If the **expenses** are still unpaid after 7 days, we may add them to your account and charge interest on them from the date when the notice was given.

21 Charges

21.1 In these **conditions**, “**charges**” means all fees which we set from time to time in relation to **mortgages** generally and which we may pass on to you either –

(a) as the **charge** for a service of the kind mentioned in **condition** 21.2; or

(b) by way of repayment of particular **expenses**.

21.2 The services which we may charge for include (but are not limited to) –

(a) supplying or copying deeds or documents to you or anyone acting for you;

(b) discharging the **mortgage**;

(c) releasing the **property** or the **property rights** from our security;

(d) releasing any title deeds;

(e) processing any application you make for a **further loan** or for any change in the terms of the **mortgage**;

(f) providing you with any other service you request and which we agree to provide.

21.3 Our **charges** will reflect what we reasonably estimate to be the cost to us of doing the work for which the **charges** are made. They may include an amount to cover any **expenses** which you are liable to repay but which we have decided not to demand separately.

- 21.4 We can (unless otherwise stated in the **offer**) change the **charges** we levy at any time. Changes may include the abolition of, or amendment to, existing **charges** or the introduction of new **charges**, and may only be made if we reasonably believe that the change is needed for any of the following reasons (which may relate to circumstances existing at the time or those which are expected to apply in the near future) –
- (a) to respond to changes in the costs (including tax) we incur in providing the service, or carrying out the function, to which the **charge** relates;
 - (b) to respond to changes to relevant regulatory requirements;
 - (c) to respond to new or amended statements or codes of practice designed to enhance consumer protection.
- Any change that we make under this **condition** 21.4 will be proportionate to the reason(s) we have for making the change.
- 21.5 We will publish a **tariff** of our **charges** and will make a copy of this available to you at least once a **year** if there have been any changes to it. If we have increased any of the **charges** or introduced any new ones, you will not have to pay the amount involved unless we have also given you personal notice of the alteration or the new **charge** in accordance with **condition** 23 (either as a separate notice or as part of some other communication).
- 21.6 A change which abolishes a **charge**, or reduces the amount of an existing **charge**, may be introduced with immediate effect and without notice.
- 21.7 We will give you personal notice of any **charges** incurred. **Charges** will be payable by you as soon as they arise and interest will be charged on them immediately. We will add **charges** to your account. However, you may choose to make payment of the **charges** direct to us at any time.

22 Rights relating to the property and powers of attorney

You appoint us and (as a separate appointment) any receiver we appoint to be your attorney and to do the following things in your name and on your behalf –

- (a) exercise or enforce any of the **property rights** and receive any money which becomes payable under them;
- (b) give any notice and take any proceedings which are needed to exercise or enforce any of the **property rights**;
- (a) transfer any **shares** to a purchaser of the **property** or exercise any votes attached to the **shares**;
- (d) execute any document and do any other reasonable thing which is needed to allow any of our rights and powers under the **mortgage** to be effectively exercised;

- (e) give us a power of attorney to sign any documents and take any action that you have agreed but failed to sign or take under these **conditions**.

Our rights under this **condition** will last while the **mortgage** is in existence.

23 Notices

- 23.1 If we have to serve on you a letter or other document (or, subject to **condition** 23.4, another form of personal notice) under this **mortgage** it will be in writing and sent to your registered address or other address last known to us.
- 23.2 If we send a notice in the post, we can assume you have received it by the time specified in the Society's **rules** or, if the **rules** no longer apply (by virtue of **condition** 17.2), 48 hours after we have posted it regardless of the class of post used.
- 23.3 If there is more than one of you, then if you share the same address, we will send a single copy of the notice addressed to each of you. If you have different addresses, we will send a copy of the notice to each address shown on our records.
- 23.4 In these **conditions** (and **conditions** 3.4, 4, 5, 15.1, 19.4, 20.4, 21, 23.1 and 25.3 in particular), a reference to "personal notice" means a letter or email or other forms of electronic communication.

24 Guarantors

- 24.1 Your **offer** may require you to provide a **guarantor** for your **mortgage**. By signing the **Standard Security**, the **guarantor** agrees to pay the **money you owe us** if you fail to do so and agrees to this **condition** 24.

BY GIVING A GUARANTEE, THE GUARANTOR MAY BECOME LIABLE INSTEAD OF, OR AS WELL AS, YOU. A GUARANTOR SHOULD TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING THE STANDARD SECURITY.

- 24.2 If there is a **guarantor**, then the following provisions apply –
- (a) the **guarantor** agrees with the Society to be equally as responsible as you for all your obligations to us under the **mortgage**, and to pay us on demand any sums of money due from you under the **mortgage** but unpaid, including all amounts comprising the **money you owe us**;
- (b) any arrangements that we make with you regarding repayment of the **money you owe us** will not affect the obligations of the **guarantor** to pay the **money you owe us** if you fail to do so. In particular, the liability of the **guarantor** will not be affected where –
- we have made a previous demand, or the **guarantor** has made a previous payment;

- we allow you or the **guarantor** additional time to make any payment or any other concession;
- we take any other security in relation to the **money you owe us**, or any such security is not enforceable for any reason; or
- you (or any of you) dies, becomes insolvent or incapable of managing their affairs.

24.3 The **guarantor** agrees –

- not to share in any security we have or take any security from you or any other person in connection with this guarantee;
- not to enforce any right or pursue any claim against the **borrower** or any other persons in respect of the **mortgage**; and
- not to make any claim which would compete with ours,

unless and until the **money you owe us** has been repaid in full.

24.4 The **guarantor** will not be responsible for any **loan** other than the original **loan** or interest relating to any **further loan** unless the **guarantor** has consented to that **further loan** in writing.

24.5 Unless the **guarantor** agrees otherwise, the **guarantor's** liability is limited to the amount of the original **loan** together with all interest, **charges** and **expenses** forming part of the **money you owe us**.

24.6 If there is more than one **guarantor**, each **guarantor** is separately responsible for the whole of the obligations and liabilities of the **guarantor** under the **conditions**.

24.7 Our rights against any **guarantor** are independent of, and additional to, any other security we have for the **money you owe us**. We do not have to use our rights in respect of any other security before using our rights to claim against the **guarantor**.

24.8 No failure or delay by us in using any of our rights against the **guarantor** will prevent us from using those rights in the future.

24.9 We may hold any money we receive from a **guarantor** in a separate suspense account.

24.10 You consent to our providing information about the **mortgage** to the **guarantor**.

25 General

- 25.1 If we decide to relax any of the terms of the **mortgage**, or not to enforce them at any particular time, this will not affect any of our powers or rights or stop us from taking any action in the future.
- 25.2 If we cannot enforce any term of the **mortgage**, this will not stop us from enforcing the others. Each term is separate from the others.
- 25.3 We may change the terms and **conditions** applying to your **mortgage** (except so far as we are already able to make changes under **conditions** 3.4, 4, 5, 19.4 or 21.4). Where we do so, we will give you at least one **month's** personal notice (unless we are not permitted to do so by law or regulation, in which case we will give you as much notice as is permitted). We will only make such a change to comply with law or regulation, to correct a typo in an existing term or **condition** or to enable us to provide you with additional or improved services in relation to your **mortgage**. We will not make any change under this **condition** 25.3 that works to your disadvantage unless we are required to do so by law or regulation.
- 25.4 The mortgage is governed by the law of Scotland.

Further Information

*(this does not form part of the **conditions**)*

Data protection and confidentiality

Our Privacy Notice can be found at ecology.co.uk/homepage/privacy-notice.

We encourage you to read this important document which explains how we use your personal data, describes the categories of personal data we process and for what purpose. You will always be able to view our Privacy Notice on our website, however, if you would like to receive a paper copy, please contact the Mortgage Team and we will put one in the post for you.

Solving problems

Our aim is to provide a high standard of service to all our customers. However, occasionally things can go wrong. When this happens, we want to put matters right as quickly as possible.

If you do have a complaint about any aspect of the service you have received, please contact us straightaway. We have an established complaints procedure, a copy of which is available on request. This explains how we will try to resolve your complaint and how, if you are still not satisfied, you can ask for it to be investigated impartially by the Financial Ombudsman Service whose address is: Exchange Tower, London E14 9SR or you can visit their website financial-ombudsman.org.uk.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Community and commercial mortgages offered by Ecology Building Society are not regulated by the Financial Conduct Authority. Financial Services Register No. 162090.