

**MORTGAGE CONDITIONS ADDENDUM:****BUY-TO-LET (BTL)**

These **BTL Conditions** apply if your mortgage is a buy-to-let mortgage. They are additional to the Society's **Mortgage Conditions 2013** and the **General Conditions** provided separately. Should there be any conflict between these **BTL Conditions** and one, or both, of the **Mortgage Conditions 2013** and the **General Conditions** then these **BTL Conditions** take priority.

These **BTL Conditions** (together with the **Mortgage Conditions 2013** and the **General Conditions** are incorporated into and form part of the BTL mortgage Offer of Advance.

Definitions

In these **BTL Conditions**, unless the context otherwise requires, the following terms have the meanings described below:

<b>BTL Conditions</b>	The Conditions described in this document.
<b>General Conditions</b>	The Society's General Conditions
<b>LPA</b>	The Law of Property Act 1925 and any equivalent successor legislation
<b>Mortgage Conditions 2013</b>	The Society's Mortgage Conditions 2023
<b>Occupation Lease</b>	Any agreement for tenancy (including any supplemental documents) to which the <b>property</b> is subject from time to time
<b>Property</b>	The BTL mortgage security, including all rights and interests associated with it
<b>Receiver</b>	Any Receiver appointed by us in accordance with the Law of Property Act 1925 or equivalent mechanism available from time to time.
<b>Secured liabilities</b>	The loan balance and any other monies (including any fees, charges and costs that we reasonably incur) that become owed to us as a result of the conduct of the mortgage

**1. Liabilities secured by the mortgage**

1.1 You agree that the security created by the mortgage deed is our security not only for the debt but also for any other money that you now owe us or may owe us in the future on any account, whether actually or contingently, whether as principal or surety and whether solely or jointly with any other person.

## 2. Additional security

2.1 As a continuing security for payment to us of the **secured liabilities**, you charge to us with full title guarantee by way of mortgage the benefit of any interest you have to and in **the occupation leases** and the rents together with the benefit of any guarantees, suretyships, indemnities, rent deposits or other security (whether proprietary or by way of personal covenant and whether from a tenant or a third party) from time to time or in respect of any of the **occupation leases** providing that nothing in this condition shall constitute us as mortgagee in possession.

## 3. Discharge of security

3.1 Upon payment by you to us of the **secured liabilities** in full, we will at your request and cost duly discharge the mortgage and release the **property** charged by it. We will not release any other **property** we are holding as security until you have paid us the **secured liabilities** in full. Section 93 of the **LPA** will not apply to the mortgage.

## 4. Your covenants

4.1 You will at all times during the continuance of the security created by the mortgage:

(a) put and keep the **property** in good and substantial repair and condition and free from defects;

(b) not without our prior written consent (which we will not unreasonably withhold or delay) make or permit or suffer to be made any alteration or addition to the **property** (whether by way of alteration or addition to any building or structure now or hereafter upon the **property** or by the erection of any new building or structure or otherwise) nor make or permit to suffer or be made any application for planning permission or change in the use of the **property** or any part of it;

(c) not without our prior written consent (which we will not unreasonably withhold or delay) apply for an improvement grant or grants in respect of the **property**;

(d) observe and perform and comply with regulations and all laws, orders, directions and all other statutory notices and requirements of any nature relating to or affecting the **property** or its use any other part or any business carried on at it;

(e) upon receipt of any such notice, order, regulation, direction or requirement of the kind referred to in condition 4.1(d) which (or a copy of which) is served upon you or otherwise comes to your notice, deliver a copy to us and at your expense take such steps we reasonably require in objecting to or appealing against or otherwise challenging any order or proposal affecting the **property**;

(f) not occupy the **property** yourself nor grant any leases or licences or accept a surrender or agree to accept a surrender of any leases or licences of the **property** nor agree any variations to or any rent reviews pursuant to any such leases or licences except other than in accordance with the Society's Terms of Letting described in Condition 7.

(g) not allow the **property** to remain unoccupied for a period of 30 days or more without our prior written consent unless you are making reasonable efforts to let the **property** in accordance with Condition 7.

(h) comply with your obligations as landlord, and not grant any licence or consent to a tenant without our prior consent in writing on the understanding that if under the terms of the lease express, or implied the licence or your consent is not to be unreasonably withheld, such consent on our part shall not be unreasonably withheld;

(i) where the **property** is leasehold, pay the rent reserved by the lease, duly and punctually and in the same manner observe and perform all the covenants and conditions on the part of the tenant and not without our prior written consent (not to be unreasonably withheld or delayed) agree to any amendments of the lease under which the **property** is held;

(j) not without our prior written consent convey assign, transfer, mortgage or otherwise dispose of the **property** nor agree to do any of the foregoing acts;

4.2 Furthermore you personally covenant that you will pay all rents, rates, taxes, duties, assessments and other outgoings payable in respect of the mortgage security and, when required, produce to us the receipts for such payments. Similarly, you will complete any works necessary for the **property** to be lawfully let. For the avoidance of doubt this includes maintaining at least the minimum Energy Performance Certificate required for any tenancy to be lawful. Should these costs not be met by you the Society may make the payments to protect its security and add these (plus reasonable administrative costs) to the **secured liabilities**.

## 5. Additional Insurance obligations

5.1 Where, under any lease associated with the **property**, it is your responsibility to arrange insurance of the **property**, you must ensure that such insurance is in force and that it meets our requirements under the offer and these conditions.

5.2 If you fail to so insure the **property** we may (but shall not be obliged to) so insure the **property** ourselves. We may add the cost of obtaining such insurance to the capital balance and interest will be charged on this amount.

5.3 In the event of an insurance claim being made in respect of the **property** we reserve the right to approve the terms of any settlement you reach with the insurer.

## 6. No waivers, remedies cumulative

6.1 No failure to exercise, nor any delay in exercising on our part any right or remedy under the mortgage or any other document will operate as a waiver of such right or remedy nor will any single or partial exercise of any right or remedy preclude any other or further exercise of any other right or remedy. The rights and remedies provided in the mortgage are cumulative and not exclusive of any rights or remedies provided by law. In the event that any matter falls within the scope of more than one of the provisions of the mortgage nothing shall prevent us from enforcing against you the more (or most) stringent provision.

## 7. Terms of Lettings

7.1 You must provide us with copies of any tenancy agreement entered into in respect of the mortgaged **property**. Such tenancy agreements must:

(a) if created before 1 March 1997, be an Assured Shorthold Tenancy as defined in the Housing Act 1988 and be for a term of not less than six months. Your solicitors must satisfy themselves that valid notices were served under Section 20 of the Housing Act 1988 before the tenancy was created and have sight of a copy of the tenancy agreement.

(b) if created after 28 February 1997 in all respects comply with the Housing Act 1996 as an Assured Shorthold Tenancy.

(c) only allow the **property** to be used as a private dwelling for occupation of the tenant and the tenant's immediate family for residential purposes.

(d) not confer any security of tenure on the tenant(s) beyond the end of the contractual term of the tenancy agreement.

(e) be for not longer than 12 months).

(f) be in the form normally used for residential agreements; and contain no terms which can adversely affect our interest in the **property** under the mortgage.

- Provide that no subletting is allowed.
- References about ability to pay the rent and character must be obtained for the proposed tenant(s) and must be made available to us if we ask for them.
- if the **property** is leasehold, you must obtain the consent of the landlord to any letting if required by the terms of the lease of the **property** and comply with any other relevant lease conditions.
- The tenancy must allow you and us to get vacant possession at the end of the term of the tenancy.
- If there is more than one tenant, you must get all tenants to sign one tenancy agreement so that each of the tenants is responsible for all of the rent and carrying out all of the obligations.

(g) You must tell the insurers about the tenancy if your insurance requires this.

(h) You must make sure that you keep to any regulations and obtain any necessary licenses, which may apply to letting properties.

(i) You must not change the terms of the tenancy without notifying us in writing. (s) You must comply with all legal requirements and hold any licences or other authorisations necessary relating to the letting of the **property**. You must provide us with evidence of this on request.

7.2 If the **property** has a tenant when you buy it, the existing tenancy must also keep to these guidelines.

7.3 The following are unacceptable as tenants for the **property**:

(a) multiple tenancies;

(b) people who could claim diplomatic immunity;

(c) holiday lets;

(d) your family members (including for example your spouse, civil partner, parents, grandparents, siblings, children, grandchildren, children of your siblings or grandparents).

7.4 You must do whatever is legally necessary to ensure that your tenants carry out their obligations under the tenancy agreement and not waive or release or vary these without us agreeing in writing.

7.5 You must let us know if the **property** is unoccupied for 30 or more consecutive days.

7.6 If the **property** is subject to the selective licensing scheme laid down by Part 3 of the Housing Act 2004, you must have and maintain a satisfactory licence under the selective licensing scheme in relation to the **property**.

7.7 The criteria for tenancies or tenants we set down in this condition 7 can be varied by us at any time to reflect: (a) changes or reasonably anticipated changes in law, regulation, and guidance; (b) changes we introduce to our standard policies acting as a reasonable and prudent lender. Where we make any such change, we will give you at least 30 days' prior notice unless any shorter period is necessary to reflect any change in the law. Any change will not affect the compliance with our criteria of any tenancy which is already in place (and which complies with our existing criteria) for the remaining fixed or minimum term of the tenancy, unless it is required to reflect any change in the law which affects that tenancy.

## 8 Valuations, revaluations and Loan-to-Value (LTV) covenants

8.1 Any valuation proposed in connection with the mortgage is:

(a) for our benefit and may not be relied upon by you for any purpose;

(b) does not confirm or guarantee the **property** is worth the value given to it.

8.2 We reserve the right to obtain further valuations of the **property** at any time after the advance date for the purpose of calculating the LTV. Each further valuation will be at your expense (such cost to be charged in accordance with our then current fees for valuations unless you have paid for a valuation in the preceding three years, in which case it will be at our expense). You will ensure that the valuer has reasonable access to the **property** for this purpose.

8.3 If at any time the LTV is greater than the original LTV, we can require you (i) to reduce the debt such as to ensure that the LTV is equal to or less than the original LTV or (ii) to provide us with alternative or additional security acceptable to us (at our discretion) which would, when aggregated with the value of the **property**, ensure the LTV is equal to or less than the original LTV, or any combination of (i) and (ii). When we make such a request you will comply with it and make such payment and/or deliver such acceptable alternative security as applicable within 30 days of this request.

## 9 Ex-Pat Borrowers

9.1 You will notify us of a named individual based in the UK to act as your Nominee to receive Notices and correspondence that would otherwise be provided to you. That Nominee will remain valid unless and until you notify us of a replacement.

9.2 You will make arrangements for your Nominee to provide us with any evidence of their identity that we might reasonably require.

9.3 Where we communicate with your Nominee you agree that we have discharged our obligation to communicate with you, including the issuing of Notices in accordance with the **Mortgage Conditions 2013**. For the avoidance of doubt this includes (but is not limited to) payment change notifications, mortgage statements, communications regarding payment shortfalls, letters before action and notification of the addition of fees and charges to the **secured liabilities**.

9.4 All payments relating to the mortgage must be made to the Society from a UK-based bank account. Monies received from outside the UK will not be credited to the account and may be held in our suspense account for as long as we reasonably consider it to be necessary to conduct investigations to confirm the lawfulness of their return. Monies will not be paid back to any third-party account.