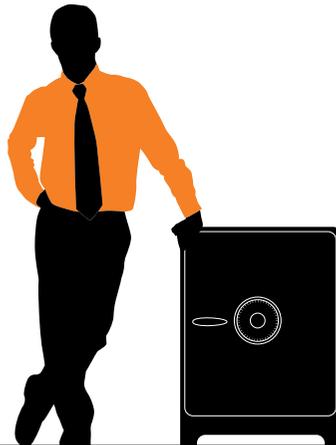


# Mortgage Offer Conditions: 2006

These are the conditions which apply to your mortgage offer.  
These conditions and the mortgage offer are important documents.  
Please keep them safe.



You should read these Offer Conditions 2006 and the Mortgage Conditions 2009 together. We explain some of the legal words and phrases in the glossary to the Mortgage Conditions 2009.

## 1. The offer

The offer is made between The Mortgage Works (UK) plc ('us') and you. These conditions, the Mortgage Conditions 2009 and the special conditions set out in the offer are all part of the offer.

We can change the terms of the offer and even withdraw the offer altogether at any time before the loan is completed if:

- the valuer believes that the value of the property is less than the purchase price;
- the conveyancer cannot give us a satisfactory report as to the legal title of the property;
- we find out that information given to us is wrong;
- we find out that there have been changes to the terms of the contract under which you are buying the property (for example, if the purchase price is reduced);
- you are or become bankrupt or we have reason to believe you will not be able to afford to make the mortgage repayments;
- we realise that there has been an error in the mortgage offer;
- anything arises because of investigations we, our conveyancer or valuer carry out or if anything happens and we believe it would not be a good idea to go ahead with the loan; or
- you are re-mortgaging your property and we find out that there have been recent or there are current arrears on your existing mortgage.

## 2. Accepting the offer

If you want to change the terms of the offer, you must discuss it with us. If we agree, we will send out a new offer. Please do not change the printed offer that we have sent to you.

Unless we write to you confirming that the offer is still available or we allow you to complete the loan, the offer will come to an end on the date shown on the first page of the offer.

## 3. Type of mortgage

We provide two basic types of mortgage.

### • Repayment mortgages

This is where you repay the loan or an agreed part of it over the mortgage term by making monthly instalments of capital and interest.

### • Interest-only mortgages

This is where the monthly payments represent only interest on the amount of the loan. You use another method to repay the amount borrowed at the end of the mortgage term. Pension and ISA mortgages are examples of interest-only mortgages.

Your mortgage may also be partly repayment and partly interest only.

With both types of mortgage we may add monthly insurance premiums to your monthly payments if we arrange the buildings insurance for you.

We recommend that if you have an interest-only mortgage, you should take out a suitable policy or plan which will repay the whole or part of the loan at the end of the mortgage term.

It is your responsibility to make sure that the policy or plan will result in you having enough funds to repay the loan at the end of the mortgage term. We cannot accept responsibility for any policy or plan you choose. If the policy or plan does not provide enough to repay the whole of the loan at the end of the mortgage term, you will still be responsible for paying what you owe.

With both types of mortgage we strongly recommend that you arrange life assurance to cover the loan in case you die before the mortgage term ends.

### **Please remember the following.**

- If you have an interest-only mortgage, we can ask you to change this to a repayment mortgage (see our Mortgage Conditions 2009). We can also use the monthly payments you give us to repay any part of the debt as we decide if we receive more money than we need to pay the interest which you owe.
- The monthly payments you make to us do not include the payments due under the policy or plan. You must make your own arrangements to pay these direct to the relevant company.
- By the end of the mortgage term or earlier in the circumstances shown in the Mortgage Conditions 2009 you must repay us, in full, all the money that we have lent you.
- Unless we say otherwise in the special conditions in the offer, the policy or plan will not be assigned to us and it will be your responsibility to keep the policy or plan in a safe place. We may ask you to show us these at any time.

Within these basic types of mortgage there are also different types of interest rates such as fixed rates, and also specialist mortgages. If we have offered you one of these mortgages, we will have set the terms out in the special conditions in the offer.

## 4. Releasing the loan

We will pay the loan in one amount to your conveyancers by telegraphic transfer.

We will send it to the conveyancer after he or she has certified that the title to the property is satisfactory and that all the special conditions set out in the offer have been met.

We will usually pay the loan into the conveyancer's bank account the working day before the date set for completion.

We will treat the date of the telegraphic transfer as the date that the loan or part of it is released. This date is important because we will use it to work out interest and your monthly payments.

We will usually release the loan in one amount but in certain circumstances we will release it in instalments. For example, we will do this if you have an instalment mortgage or we are holding back part of the loan until certain work has been completed.

## 5. Mortgage deed

It is a term of the offer that you give us a first legal charge over the property. The legal charge must be in the form of our standard mortgage.

Our standard mortgage deed also includes the Mortgage Conditions 2009. We will have already sent you a copy. It is important that you read them.

The mortgage will act as security not only for the amount you borrow to begin with but also for any further amounts you owe us on any account at any time.

## 6. Costs

By going ahead with the offer you are agreeing that you will be responsible for all the costs, fees and disbursements which arise in connection with the mortgage. This applies whether or not the mortgage is completed.

## 7. Buildings insurance

It is a condition of all mortgages that you have enough insurance cover for the building or buildings on the property. If it is not a condition of your mortgage that you have your buildings insurance with us and if you are arranging this yourself, please send a copy of the insurance schedule or the cover note to your conveyancer. It is the responsibility of your conveyancer to ensure the cover is sufficient.

If you require buildings and/or contents insurance, The Mortgage Works (UK) plc can introduce you to Nationwide Building Society who can discuss your requirements with you.

## 8. Interest

You will be responsible for paying interest to us on the amount of the loan you owe.

The interest rate will occasionally change. It may go up and it may go down. The rate current at the date of the offer is shown on the offer. If the rate changes, we will write to you to tell you about this.

We work out the amount of the interest on the amount of the loan that you owe every month.

## 9. Monthly payments

The monthly payments will depend on whether you have a repayment mortgage or an interest-only mortgage or a mixture of the two.

If you have a repayment mortgage, your payments are made up of both capital and interest. The amount of each instalment will depend on:

- the amount of loan you have left to repay;
- the period over which you are repaying the loan;
- the current rate of interest; and
- whether you want to pay off the whole of the loan.

If you have an interest-only mortgage, we work out the payment using the amount of the loan you have left to pay and the current rate of interest.

The interest rate quoted in the offer may change before you complete. If so, we will tell you the new monthly payment.

You must pay all monthly payments by direct debit. We will have sent you a direct debit mandate for you to sign. You must fill it in and sign it and then send it back to us before we can give you any money.

We will notify you in writing of the date when the first monthly payment is due.

## 10. Credit reference agency

By accepting the offer you confirm that we may register information about you and how you pay your mortgage with a licensed credit reference agency.

## 11. Valuations

We included the cost of a valuation in the application fee. You should have received a copy of the valuation with the offer. This does not guarantee the condition of the property. If you want to have a structural survey, we can arrange this for you.

Neither the valuation nor the offer mean that we are confirming that the property is worth the value set out in the valuation or that the price you are paying is reasonable. Property prices can go down as well as up.

## 12. Who owns and can live in the property?

Your conveyancers must confirm that the title to the property is acceptable as security for the mortgage. We will deal directly with them about this.

In certain cases, your conveyancer will need to arrange 'title indemnity insurance' before you complete the mortgage. This will be necessary if there is a problem with the title to the property. You must pay your conveyancer for the cost of this insurance.

Unless we are offering your mortgage under our Buy to Let scheme (see section 16 of these conditions), you must have full vacant (empty) possession of the property on or before you complete. The property must be a single private home for you to live in.

You must not make alterations or additions to the property without first getting our written approval. If your mortgage offer is for an extra loan or for making improvements to your property, you may need to increase your buildings insurance when we complete your mortgage.

Your conveyancer must tell us if the property has been transferred to you or a previous owner in the last few years by a 'deed of gift' or if you are buying it at a very low price. If this is the case, your conveyancer may need to arrange a 'Deed of Gift' Indemnity Policy. This must be for at least the amount of the mortgage loan and must be in our joint names (both you and us). The purpose of this policy is to protect us against any action under section 339 of the Insolvency Act 1986. Your conveyancer must place the policy with the deeds.

You or your conveyancer must tell us if you are buying the property from someone who bought it within the last six months.

## 13. Repaying the whole loan

**We can ask you to repay the whole of the loan if we give you 180 days' written notice of this. This applies as well as any of our other rights set out in the offer, these conditions, the mortgage, or the Mortgage Conditions 2009 or any other communication between us.**

## 14. Conveyancer

As well as acting for you, your conveyancer will often be acting for us in connection with the property and your mortgage. If this is the case we will deal with this in our instructions to your conveyancer;

However, in certain circumstances we may instruct our own independent conveyancer to act for us.

Please note that our conveyancer will not be instructed to do any substantive work in connection with the mortgage until we have your signed instruction.

Whether it is your conveyancer who will be acting for us or our own conveyancer, we will be instructing the conveyancer in line with the Lenders' Handbook produced by the Council of Mortgage Lenders. Your conveyancer will explain any implications of this to you.

## 15. Collateral mortgages

Occasionally we will need to have a mortgage from someone who is not the borrower. These are known as collateral or third-party mortgages and we have a standard form of collateral mortgage which includes the Collateral Mortgage Conditions 2006. If this applies to you, we will send you a copy of the Collateral Mortgage Conditions 2006. We will also send a copy to the person giving the mortgage.

## 16. Buy to Let mortgage

This final section only applies to your mortgage if we have offered it to you under our residential Buy to Let scheme (BTL).

If your mortgage is a BTL, we have to approve any tenancy. We suggest that your conveyancer deals with this but as a guide the following must apply.

- The tenancy must be in writing.
- The tenancy must allow you and us to get vacant possession at the end of the term. Your conveyancer will explain this to you, but the most common form of tenancy which allows this is an assured shorthold 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.
- You must tell the insurers about the tenancy if your insurance says you must.
- You must get your landlord's permission if your property is leasehold and your lease says that you should do this.
- You must make sure that you keep to any regulations which may apply to letting properties. Your conveyancer will tell you whether any regulations apply.
- You must not change the terms of the tenancy without us agreeing in writing.

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

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

**The Mortgage Works (UK) plc** is a wholly owned subsidiary of Nationwide Building Society and is authorised and regulated by the Financial Conduct Authority under registration number 189623. Most buy-to-let mortgages are not regulated by the Financial Conduct Authority. Registered Office: Nationwide House, Pipers Way, Swindon, SN38 1NW. Registered in England. Company Registration Number 2222856.

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Please note that for our mutual protection and to improve service standards, we may monitor and/or record telephone calls.