

EXPLANATORY NOTES ON THE MORTGAGE DEED (GENERAL) / OFFER

All mortgage deeds utilised by primary lenders are strongly worded documents which give wide ranging powers to the lenders.

Do please refer to any explanatory documents provided for your use by your Lender which are enclosed and note and remember the following:

The Mortgage Deed includes a promise to pay. This promise is coupled with the Mortgage Offer which you have received and which details the terms of the mortgage which are special to you. The Offer includes the principal amount, interest rate, period of repayment etc. It may also include penalties for repayment and special discounts or capped/fixed rates. Many mortgages permit variation of interest rates (except for periods when the rate is fixed) and this will involve revision to your monthly payments. Keep your Offer safely: you may need to refer to it in the future.

Be aware of the precise Offer terms and please remember that we are not specialist mortgage brokers or financial consultants (not authorised by the Financial Conduct Authority) and are not able to advise on the merits or suitability of the financial product you have chosen. Assuming you proceed, it must be on the basis that you do not rely on us for advice on this aspect.

Provided you maintain the payments required under the Offer and do not breach certain practical obligations under the Mortgage Deed then the vast majority of the Mortgage Offer provisions become academic and will prove to have little or no effect upon you. However, if you fail to make your payments or observe your obligations, then do be aware:

- That there are powers for your Lender to call in the whole of the loan, remove you and your goods from the property (by Court Order unless you consent) and sell the property to recover all funds due. Such forced sales often result in low sale prices. If the sale does not result in payment of all the monies due, the Lender will pursue you for the shortfall.
- Your Lender's claims in such situations include (amongst other things) costs, interest (sometimes at a penal rate) and expenses on top of the principal sum owing at the start of the period of default. These mount up very quickly.
- There are extensive powers for your Lender in its discretion to deal with the property in much the same way as you can e.g. to let the property pending sale or appoint managers to look after it pending sale - effectively at your cost.
- There are powers to execute documents relating to dealings with the property effectively on your behalf.

To avoid exercise of these powers it will be necessary, primarily, to keep up with payments. However, there are also a number of practical obligations which you covenant to observe. These include:

- An obligation to insure the property.
- To keep the property in reasonable physical order and condition.
- Not to let the property except with the Lender's consent.
- If the property is leasehold, to observe the covenants on your part in the lease.
- Not to make structural alterations without the Lender's consent and to observe the requirements of Town & Country Planning legislation.
- Other practical obligations which, if not observed, would reduce the value of the property if

the need arose for the Lender to sell.

We think you will find these obligations fairly straightforward and many are no more than one would expect of prudent home owners. Read them with care.

Hopefully, therefore, you will simply make your payments and observe your obligations until all debts have been paid off or you sell the property and make early repayment.

However, if you do run into financial difficulty do take appropriate advice without delay. Do not simply ignore the Lender if you find yourself in default. Lenders do not like exercising these strong powers and are frequently accommodating in their approach particularly to temporary financial difficulty. Contact your Lender early through your financial advisor or direct. Whilst you must understand your Lender has the right to take action upon even a single default, and without prejudicing its right to do so, we believe early contact in such situations almost always benefits the borrower.

Read the Mortgage Offer and any explanatory notes carefully. If there is any particular item that you need to have explained, please contact us so that we may assist in its interpretation.