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1 Interpretation
1.1 In these conditions some words are in bold type. We explain below what these words mean:

CCA
the Consumer Credit Act 1974.

costs
our costs as set out in condition 10.

customer contact centre
means our centre through which we can be contacted, the details of which are set out in condition 24.

current address
the address of the property or any other address which you subsequently notify to us in writing.

discharge fee
a fee we charge when you repay the mortgage debt, as shown in the offer letter.

early repayment charge
means a charge for early repayment as shown in the offer letter.

guarantor
a person who is guaranteeing the mortgage debt (or part of it) and who signs the mortgage for this purpose.

initial interest
means the interest we charge on the loan between the date on which the loan is treated as made under condition 6.5 and the last day of the month preceding the month in which the first monthly payment is due.

initial loan
the first loan we make to you on the security of the mortgage.

interest-bearing balance
the amount on which we may charge you interest under conditions 6.2 and 6.3.

insurance
the insurance policy you are required to take out in accordance with condition 14.1.

insured perils
fire, explosion, lightning, earthquake, storm, flood, malicious damage, vandalism, aircraft, impact by vehicles, escape of water, subsidence, heave, landslip and collapse.

insurer
your insurer under your insurance.

interest rate
the rate or rates at which we charge interest under condition 6.1. We may change the interest rate under condition 7.
loan the initial loan or any further loan we make to you on the security of the mortgage.

LPA the Law of Property Act 1925.

month a calendar month.

monthly payment the monthly payment specified in the offer letter or any changed monthly payment which applies under condition 8.

mortgage any mortgage which you give to us to secure the mortgage debt.

mortgage account the account we keep for recording mortgage debt.

mortgage debt the total amount which you owe us under these conditions and the offer letter.

Mortgage Service Centre our Mortgage Service Centre, the address for which is Mortgage Service Centre, Principality Building Society, PO Box 89, Queen Street, Cardiff CF10 1UA and the telephone number for which is 0330 333 4033.

offer letter in relation to any loan we make to you, the letter we send you setting out the terms on which we will make that loan and any variations, supplements or replacements of or to it from time to time.

payment day the day you have indicated on the application form, or if you have not indicated a day, the payment day will be the day of the month which corresponds to the day on which the loan is made except that, if that day is later than the 26th day of the month, the payment day will be the 26th day of the month. The payment day may be changed under condition 3.4.

property the property or any part of it specified in the mortgage.

property rights (a) your rights under any agreement, option, insurance policy (other than the insurance referred to in condition 14) or guarantee which concerns the property, the way the property is built or the condition of the property.

(b) any shares or other membership rights which you hold in a management company or residents association or other similar body by virtue of owning the property.

(c) any rights you have to any statutory compensation concerning the property.
any rights to enlarge, extend or convert the title to the property.

(e) all rights and remedies you have concerning the property
    (including any which arise from damage to it or a reduction in its value).

regulated agreement an agreement which is a regulated agreement under the CCA.

repayment method the method for repaying a loan which is specified in the offer letter for that loan. We may change the repayment method under condition 4.

rules means our Membership rules, copies of which can be requested from our branches, Customer Contact Centre or Mortgage Service Centre and are available on our website.

service charge a charge we make for providing a service in connection with the mortgage, as set out in condition 10, which may include a third party charge.

standard rate the standard variable rate of interest which we charge to all our borrowers in the absence of any agreement to the contrary. We may vary this under condition 7.

term the term for repaying a loan which is specified in the offer letter for that loan. The term for a loan will run from the first payment day.

third party charge a charge levied upon us by a third party in connection with the mortgage and/or the mortgage debt.

we, us and our Principality Building Society and any person who acquires its rights under the mortgage and/or to the mortgage debt.

website means our website at www.principality.co.uk or such other address as we notify to you.

working day any day from Monday to Saturday (excluding bank holidays and public holidays in England and Wales).

you and your the person(s) specified as the borrower in the offer letter.

1.2 If there is any inconsistency between the terms of the offer letter and these conditions, the terms of the offer letter will prevail.

1.3 References to the singular in these conditions include the plural and vice versa.

1.4 Reference to the masculine gender in these conditions shall include the feminine and vice versa.
1.5 References to any statute or statutory provision in these conditions apply to any amendment, supplement or replacement from time to time in force.

1.6 Any obligation in these conditions not to do something includes an obligation not to agree, allow, permit or acquiesce to that thing being done.

2 Payment of a loan
2.1 If you have solicitors or licensed conveyancers acting for you, we will pay the loan to them. Otherwise, we will pay it to you. We will make the payment by cheque or electronic transfer or by any other method which you and we agree at the time.

2.2 We will not be bound to make a loan to you if the offer letter provides we may withdraw it.

2.3 We may set up separate parts of the mortgage account for separate loans.

3 Your payment obligations
3.1 You must repay each loan and any costs and service charges along with interest. When you repay the mortgage debt you must also pay the discharge fee and any early repayment charge.

3.2 If the repayment method for a loan is “Interest Only”:

3.2.1 You must repay the loan and any other outstanding mortgage debt at the end of the term. It is your responsibility to ensure that you are able to repay this and you must make appropriate financial arrangements to enable you to do so. If you do not make any arrangements or if these arrangements do not provide sufficient monies you will remain liable for any shortfall and interest will continue to be charged on the shortfall at the interest rate until it is repaid.

3.2.2 You must pay us a monthly payment until the loan and the rest of the mortgage debt is repaid. So far as it relates to the loan, this payment will consist only of interest.

3.3 If the repayment method for a loan is “Capital and Interest”:

3.3.1 You must repay the loan with interest by making a monthly payment which (so far as it relates to the loan) will consist of both capital and interest.

3.3.2 We will calculate the amount of the monthly payment so that the loan and the rest of the mortgage debt is repaid with interest by the end of the term.

3.4 You must make the payments due under conditions 3.2 or 3.3 on the payment day in every month and at the end of the term. You and we may change the payment day at any time by mutual agreement. We may also change the payment day by giving you 60 days’ prior written notice where this is required in order to update or replace our IT systems or business processes that we use for operating mortgage accounts and/or to reflect the systems of any person who takes an assignment or transfer of our rights to the mortgage or the mortgage debt at any time.

3.5 Where your loan is part “Interest Only” and part “Capital and Interest” each of conditions 3.2 and 3.3 apply to the relevant part and references to the loan in them shall be to the relevant part.
3.6 In relation to the first payment day for any loan:

3.6.1 The first payment day will occur in the month following the one in which the loan is made unless:

3.6.1.1 the loan is made on a later day in a month than the payment day, or

3.6.1.2 the payment day is on or after the 26th of a month, in which case the first payment day will occur in the second month after the one in which the loan is made.

3.6.2 You will pay the initial interest with the first monthly payment on the first payment day.

3.6.3 We will confirm the first payment day, initial interest and the amount of each payment in writing after the loan is made.

3.6.4 We will not add the initial interest to the interest-bearing balance under condition 6.3 unless it remains unpaid at close of business on the last day of the month in which the first monthly payment is due.

3.7 Unless we tell you otherwise, monthly payments will automatically be collected by direct debit. Where we have a valid reason for doing so we may require you to pay the monthly payments by any other reasonable method which we specify. Where we do this, we will give you not less than 30 days’ prior written notice.

4 Repayment method

4.1 The repayment method for a loan may be changed by agreement between you and us.

4.2 If the repayment method is “Interest Only” we may (but are not obliged to) also change the repayment method to “Capital and Interest” for all or part of the loan if:

4.2.1 one of the events specified in condition 9 occurs,

4.2.2 you are in breach of condition 4.3 in a respect which is serious and you fail to remedy that breach within 28 days of us giving you written notice that we will change the repayment method if you do not provide us with the information we have requested, or

4.2.3 if the information supplied under condition 4.3 leads us to consider (acting reasonably) that you are unlikely to be able to repay the loan (and interest and charges) on expiry of the term.

4.3 If the repayment method is “Interest Only” you will supply us on request with such information as to the repayment vehicle or other arrangements you intend to use to repay the loan (with all interest and charges) by the end of the term as we reasonably request from time to time within a reasonable period of our request. We will make our request in writing or in the course of a (recorded) telephone conversation with you.
4.4 We will give you not less than 90 days’ written notice before we exercise our right under condition 4.2. We will only exercise our right under condition 4.2 if we are satisfied, acting as a responsible, reasonable and prudent lender, that you will be able to afford the increased monthly payments.

4.5 Conditions 4.2 – 4.4 will apply to any relevant part where the loan is part “Interest Only” and part “Capital and Interest”.

5 Joint and several
5.1 If there is more than one of you, your obligations will be joint and several. This means that you will each be responsible for the full amount of the mortgage debt.

5.2 We may accept instructions from either of you should you wish to make overpayments on the loan subject to our approval.

6 Interest
6.1 We will charge you interest at the following rate or rates until the mortgage debt is fully repaid:

6.1.1 We will charge interest at the interest rate specified in the offer letter for that loan or at any changed rate which applies under condition 7.

6.1.2 If any costs or service charges become due from you under condition 10, we will charge interest on those costs or service charges at the rate which applies to the part of the mortgage account to which we add the costs or service charges.

6.1.3 If we become entitled under condition 6.3.4 to charge interest on any unpaid interest, we will charge that interest at the rate which applies to the part of the mortgage account on which the unpaid interest accrued.

6.2 On each day, we will charge interest on the interest-bearing balance shown on the mortgage account at the end of the day.

6.3 The following terms explain how we work out the interest-bearing balance:

6.3.1 any monthly payment or other payment which we receive for the credit of the mortgage account (such as an advance repayment of capital) will immediately reduce the interest-bearing balance;

6.3.2 any loan we make to you will increase the interest-bearing balance as soon as it is treated as made under condition 6.5;

6.3.3 any costs or service charges which we charge to the mortgage account under condition 10 will immediately increase the interest-bearing balance;

6.3.4 any interest which we charge under condition 6.2 will be added to the interest-bearing balance if it remains unpaid at close of business on the last day of the month in which it is charged (or, in the case of initial interest, if it remains unpaid at close of business on the last day of the following month).
6.4 If you are ordered by a court to pay us any money you owe us, we will continue to charge you interest at the interest rate on the money you have to pay under the court order.

6.5 We will charge interest on a loan from the date on which it is treated as made. For these purposes:

6.5.1 a loan made by cheque will be treated as made two days after we send the cheque to you or to your solicitors or licensed conveyancers;

6.5.2 a loan made by banker’s draft will be treated as made when we send the draft to you or to your solicitors or licensed conveyancers;

6.5.3 a loan made by electronic transfer will be treated as made when the transfer takes place.

7 Changing the interest rate or our standard rate

7.1 Where the interest rate is, or is linked to, our standard rate, we may change the interest rate by changing our standard rate or as otherwise provided in the offer letter.

7.2 We may reduce our standard rate at any time at our discretion. We do not have to give you prior written notice of such reduction(s), but if we do not, then (unless condition 7.7 below applies) we will give you written notice as soon as possible after we have made the change.

7.3 We may increase our standard rate because:

7.3.1 there has been, or we reasonably believe there is likely to be, an increase in the Bank of England base rate (meaning Bank of England Repo rate);

7.3.2 the cost to us of borrowing funds has increased or we reasonably believe it is likely to do so;

7.3.3 the reasonably incurred cost to us of operating our mortgage business or servicing our mortgage loans has increased or we reasonably believe it is likely to do so;

7.3.4 we need to do so in order to meet the requirements of regulators; or

7.3.5 we need to reflect any change in the law or decision by an ombudsman or relevant regulatory guidance or a change in the regulatory system governing us.

7.4 If we increase our standard rate for one or more of the reasons set out in condition 7.3 or 7.6, then (unless condition 7.7 applies) we will give you prior written notice of the increase.

7.5 Where we increase our standard rate for one or more of the reasons specified in condition 7.3 or 7.6, we will ensure that the increase is proportionate to the reason or reasons for making it.

7.6 In addition to our rights under condition 7.3 we may increase our standard rate if, in our reasonable opinion, this is necessary to preserve our financial strength in the interests of our Membership as a whole. We will only exercise this right if:

7.6.1 it is proportionate to the circumstances in question;
7.6.2 in doing so we are acting in good faith; and

7.6.3 we give you notice of the increase by writing to you at least 30 days before the increase comes into effect stating that we are increasing our standard rate in this way.

If we increase our standard rate under this condition 7.6 while the interest rate on your mortgage varies with our standard rate, then you may repay the mortgage debt at any time in the 90 days following receipt of notice without incurring any early repayment charge though you will be liable for the discharge fee.

7.7 Where the interest rate is not the standard rate or linked to the standard rate, but the terms of the offer letter provide for it to revert to our standard rate or a rate which is linked to our standard rate (“the reversion”), we will give you written notice of the current standard rate no less than 14 days prior to the reversion. Thereafter, this condition 7.7 will no longer apply and we will give you notice of changes to the standard rate in the manner set out in conditions 7.2 and 7.4. We will supply you, on request, with written details stating the amount and timing of each of the changes made to the standard rate between the date your offer letter was issued and the date we gave you notice of our current standard rate under this condition 7.7.

7.8 You can find out what our current standard rate is at any time by looking on our website.

8 Changing the monthly payment
8.1 We may change the monthly payment at any time to reflect:

8.1.1 a change in the interest rate;

8.1.2 a change in the repayment method;

8.1.3 a change in the term which is agreed between you and us;

8.1.4 the making of a new loan;

8.1.5 the repayment of an existing loan;

8.1.6 an item of costs or a service charge becoming due from you under condition 10;

8.1.7 the grant or withdrawal of a concession by us; or

8.1.8 you not making any monthly payments in full when due.

8.2 If we intend to change the monthly payment, we must give you prior written notice of the change. Our notice will specify when you must start paying the new amount.

8.3 If we change the monthly payment, you must pay the new amount until we change it again under condition 8.1. This is so even if we change the interest rate or the repayment method in the meantime.
9 Default

You must immediately repay the mortgage debt upon our written demand if any of the following events occur:

9.1 You:

9.1.1 are late paying any sums due and payable under these conditions or an offer letter;

9.1.2 the unpaid sums are at least equal to two monthly payments; and

9.1.3 you fail to pay the sums in full within 30 days’ of us giving you written notice they are outstanding;

9.2 You are in breach of any obligation under these conditions or an offer letter (other than an obligation for the payment of money) in a respect which is serious and you fail to remedy that breach within 28 days of us giving you written notice of it;

9.3 The information you gave us when you applied for the loan was false, incomplete or misleading in a respect which is serious;

9.4 A bankruptcy order is made against you (or any of you) or any guarantor;

9.5 You (or any of you) enter into a voluntary arrangement with your creditors or any guarantor enters into such an arrangement with his or her creditors;

9.6 The property is compulsorily purchased;

9.7 You abandon the property; or

9.8 You (or where there is more than one of you the last survivor of you) die(s).

10 Costs and Service Charges

10.1 You must pay us the following costs:

10.1.1 our reasonably incurred costs of any legal proceedings relating to the mortgage debt or the mortgage. This applies whether the proceedings are brought by or against you or any other person;

10.1.2 our reasonable costs of exercising or enforcing any of our rights under the mortgage or the general law relating to the mortgage;

10.1.3 our reasonable costs of recovering or reasonably attempting to recover any of the mortgage debt;

10.1.4 our reasonable costs of taking reasonable steps to remedy any failure by you to comply with your obligations under these conditions or an offer letter; and

10.1.5 our reasonable costs of protecting our security.
10.2 For the purposes of this condition, costs include:

10.2.1 the cost of staff employed for the work in question;

10.2.2 the reasonable cost of central and branch network costs, calculated as a reasonable proportion of the total of such costs;

10.2.3 any costs we incur in employing an outside agent to take any of the actions set out in condition 10.1 on our behalf or which we otherwise incur to third parties in the course of our taking such action, as long as such costs are reasonable in amount; and

10.2.4 the cost of paying sums within condition 10.1 to third parties which you are liable for in respect of the property or your ownership of the property but have failed to pay.

10.3 From the date the loan is treated as made under condition 6.5 until the loan is repaid in full you may wish to request us to provide an additional service or services. We have a standard tariff of service charges for the additional services we are most often asked to provide. We sent you with the offer letter for your initial loan a copy of the tariff then in use to inform you about what we would currently charge if you asked us to provide a service listed in the tariff and we agreed to provide it. We will send a copy of the current tariff with the offer letter for any further loan. You may also obtain a free copy of our current tariff at any time on request or on our website.

10.4 We are not obliged to provide the services listed in the tariff and we may change the list of services or the stated service charges from time to time. In exercising our power to change a service charge, we must comply with the requirements set out in condition 10.5.

10.5 The requirements are:

10.5.1 We must not change a particular service charge more often than once a year unless it is a third party charge in which case we may require you to pay whatever level of charge is reasonably charged to us from time to time;

10.5.2 We must give you written notice of any change at least 30 days before the change takes effect;

10.5.3 We will only increase a service charge or introduce a new service charge:

10.5.3.1 where the reasonably incurred cost to us of providing the service in question has increased or we reasonably believe it is likely to do so;

10.5.3.2 to respond proportionately to changes in the law or regulatory requirements, or decisions or guidance of an Ombudsman or regulator; or

10.5.3.3 to reflect new or amended industry guidance and codes of practice which raise standards of customer service or consumer protection.

10.5.4 If we increase a service charge, we will ensure that the increase is proportionate to the reason or reasons for making it.
10.6 You must pay any costs or service charges on our written demand.

10.7 We will add any costs or service charges to the mortgage account 7 days after the date we demand payment. They will then form part of the interest-bearing balance and we will charge interest on them under condition 6.3.3 until they are repaid.

10.8 We will not lose our right to receive immediate repayment of any costs or service charges under condition 10.6 by charging them to the mortgage account under condition 10.7.

10.9 If we have divided the mortgage account into separate parts, we will add any costs or service charges to the part (or proportionately to the parts) with which the costs and service charges are most closely connected. If they are not more closely connected to one part than another, we will allocate them in a reasonable manner.

11 Property Rights

11.1 So far as you are able, you assign the property rights to us. They will stand re-assigned to you when the mortgage debt is paid off.

11.2 If you receive any money under any of the property rights you will hold the money on our behalf.

11.3 Any money which you or we receive under any of the property rights must be used to reduce or pay off the mortgage debt unless we agree otherwise. Unless one of the events in condition 9 has occurred (in which case we may elect (acting reasonably) how to apply any such money), this does not apply if the money is paid because of a defect in the property or damage to it and you decide instead to use the money to put right the defect or damage.

11.4 We can transfer any of the property rights to another person to whom we transfer our rights in the mortgage and/or the mortgage debt.

12 Security

12.1 The mortgage secures all the mortgage debt. Except where condition 12.2 applies, it also secures:

12.1.1 all money which you owe us under the terms which apply to any other loan which we have made or may make to you in the future which you and we agree should be secured by the mortgage; and

12.1.2 any existing or future guarantee given by you to us which you and we agree should be secured by the mortgage.

You agree to discharge these in accordance with their terms.

12.2 The mortgage does not secure money which you owe us under:

12.2.1 any agreement which expressly states that it is to be unsecured; or

12.2.2 any regulated agreement unless the agreement specifies that it is to be secured by the mortgage.
13 Your obligations in respect of the property

13.1 You must do the following:

13.1.1 occupy the property as your main residence unless stated otherwise in the offer letter;

13.1.2 keep the property in a good state of repair;

13.1.3 comply with any leases, restrictions or other obligations which apply to the property;

13.1.4 comply with any statutory obligations which apply to the property;

13.1.5 immediately provide us with a copy of any notice or other document which you receive in relation to the property; and

13.1.6 allow us or any of our agents (after giving you reasonable notice) to enter the property at a reasonable time, to inspect it and/or to rectify any failure by you to comply with your obligations under these conditions or any offer letter.

13.2 You must not without our prior written consent:

13.2.1 permit the property to be used for any trade or business;

13.2.2 grant or agree to grant a charge, lease, licence or any other rights or interest in or over the property;

13.2.3 carry out or permit any structural alterations or additions to the property or the demolition of the property;

13.2.4 part with possession of the property;

13.2.5 allow anyone to acquire rights in the property;

13.2.6 apply under any legislation for any grant in respect of the property;

13.2.7 apply to extend any lease under which you hold the property or to buy the freehold of the property.

13.3 Where it is reasonable to do so, we may refuse to give our consent under this condition or impose conditions on our consent and you will comply with any such conditions.

13.4 You agree that if you acquire the freehold or any extended lease of the property:

13.4.1 the interest you have acquired will be subject to a charge in our favour; and

13.4.2 at our request, you will execute at your own cost a legal charge of that interest in a form approved by us.
13.5 If we or our agents enter the property in accordance with our rights under this condition 13, or any statutory notice that may be served on us, this does not mean we have accepted the responsibilities of a mortgagee in possession, owner or occupier.

14 Insurance

14.1 You must take out and maintain insurance at all times from the date the loan is treated as made under condition 6.5 until the loan is repaid in full and ensure that all insurance premiums you are required to pay, or where the property is leasehold all contributions to insurance premiums that you are required to pay, are paid in full and on time.

14.2 You must ensure that any insurance you take out in accordance with condition 14.1 is a policy of insurance that:

14.2.1 incorporates, as a minimum, protection against loss or damage to the property caused by an insured peril;

14.2.2 provides for repair, replacement or reinstatement to a sum at least equal to the full cost of rebuilding the property to the same specification, including an amount for removing debris, demolition costs, architects’, surveyors’ and all other relevant professional fees;

14.2.3 provides for index linking of the sum insured in relation to the property to allow for increases in the cost of living in line with the House Rebuilding Cost Index published by the Royal Institution of Chartered Surveyors (or, if that index ceases to be published, such replacement index as we reasonably specify);

14.2.4 allows our interest to be noted as mortgagee, as described in condition 14.6;

14.2.5 has an excess (the monetary amount to be paid by the insured in the event of a claim) that does not exceed £2,500 in respect of any one claim; and

14.2.6 includes Property Owner’s Liability cover with an insured limit of indemnity of at least £1,000,000 in respect of any one claim.

14.3 You must familiarise yourself with the terms and conditions of the insurance and take all reasonable precautions to safeguard the property.

14.4 You must arrange the insurance required under condition 14.1 above yourself.

14.5 If you instruct us to do so, we will introduce you to a third party insurance provider to arrange for a quotation to be provided to you. You may accept this quotation only if it meets the requirements in condition 14.2 above. If you accept this quotation:

14.5.1 you must satisfy yourself that the policy meets your needs;

14.5.2 the fact that the policy was obtained from a third party insurance provider which we introduced you to will not affect your obligations under condition 14.5.1; and

14.5.3 we will not accept any responsibility for the policy you take out or provide you with any advice in relation to this policy.
14.6 You must inform your insurer of our interest in the property, referring to us as ‘mortgagee’, provide them with our full name and address (details of which may be found on the reverse of these conditions) and arrange for our interest as ‘mortgagee’ to be noted on the insurance.

14.7 We may ask you at any time upon reasonable notice, to provide details of the insurance and evidence that the insurance is in place. You must provide us with evidence of the insurance reasonably satisfactory to us within 14 days of our request.

14.8 You must comply with the terms of your insurance at all times. You must ensure that you do not take any action or fail to take any action that prejudices the insurance in any way or increases the amount of the premiums due or the level of excess that applies under the insurance.

14.9 If you receive any money from an insurance claim, and the money you have received is sufficient to settle the mortgage debt in full, then you must only use the money you recover to either:

14.9.1 repair, replace or reinstate the property; or

14.9.2 settle the mortgage debt in full.

14.10 If you receive any money from an insurance claim, and the money you have received is insufficient to settle the mortgage debt in full, then you must only use the money you recover to repair, replace or reinstate the property.

14.11 We may require you to settle the mortgage debt in full, rather than repair, replace or reinstate the property, where the mortgage debt has become immediately repayable under condition 9 and your insurer permits you to use the monies recovered from an insurance claim in this way.

14.12 We may insure our interest in the property if you are in breach of your obligations under condition 14.1, 14.7 or 14.8. We may, but are not bound, to insure your interest in the property in these circumstances. Where we insure the property under this condition 14.12 and whether we insure your interest in the property or not:

14.12.1 You will be required to comply with any reasonable terms of the insurance policy that we notify to you; and

14.12.2 You may be required to pay some or all of the insurance premium where we insure your interest in the property.

14.13 Where we insure the property under condition 14.12, we will:

14.13.1 inform you of the terms of the insurance policy you will be required to comply with; and

14.13.2 inform you of the amount of the premium you may be required to pay and the date on which it is required to be paid and/or the amount of any premium we have added to the mortgage debt.
15 Enforcement of the mortgage

15.1 Section 103 of the LPA does not apply to the mortgage.

15.2 We may exercise the power of sale immediately if any one or more of the events specified in condition 9 has occurred and we have demanded repayment.

15.3 A purchaser may treat the statutory power of sale (as extended by these conditions) as arising on the date of the mortgage.

15.4 Our rights and remedies under these conditions are in addition to any we have by law.

15.5 If we are entitled to exercise the power of sale under condition 15.2 we shall also have power to:

15.5.1 take possession of the property;

15.5.2 grant a lease, licence or tenancy of the property, or agree to grant one, free from the restrictions in section 99 of the LPA;

15.5.3 permit anyone who has a lease, licence or tenancy of the property to surrender the same on any reasonable terms;

15.5.4 agree to any reasonable amendment of the terms of any lease, licence or tenancy of the property;

15.5.5 appoint one or more persons as receiver.

15.6 If we take possession of the property we shall have power:

15.6.1 to remove, store or sell any goods or furniture which you have not removed from the property; we will do this as your agent and at your expense and we will not be responsible for any damage caused unless we are negligent;

15.6.2 to carry out any repairs or improvements at the property which we reasonably consider will make it easier to sell or let the property.

15.7 If we appoint a receiver:

15.7.1 the receiver will have all the powers conferred on a receiver by the LPA;

15.7.2 the receiver will also be entitled to exercise any of the powers which we have by statute or under these conditions;

15.7.3 the receiver will be treated as your agent;

15.7.4 you will therefore be responsible for his acts or defaults;

15.7.5 we may fix the receiver’s remuneration at any amount which is reasonable;
15.7.6 we may remove the receiver at any time and appoint another in his place;

15.7.7 the receiver will apply any money he receives in the following order:

15.7.7.1 first, in meeting any claims which have priority to the mortgage;

15.7.7.2 secondly, in paying the costs connected with his appointment or the exercise of his powers and in meeting any outgoings on the property which he pays;

15.7.7.3 thirdly, in paying his remuneration;

15.7.7.4 fourthly, in reducing or paying off the mortgage debt in whatever order he may decide.

15.8 If there is more than one person appointed as receiver they may act together or individually and any reference in these conditions to a receiver shall be to each and/or every person acting as receiver.

15.9 For the avoidance of doubt, after the property is sold, interest will continue to be charged at the interest rate and you must repay any outstanding mortgage debt.

16 Power of attorney and further assurance

16.1 You appoint us to be your attorney to do the following things in your name and on your behalf:

16.1.1 to execute any document which is required to rectify any defect in your title to the property or in our title to the mortgage;

16.1.2 to execute any document which is required to pass good title to a purchaser or lessee of the property;

16.1.3 to execute any document which you have agreed to execute but have failed to execute;

16.1.4 to transfer to a purchaser any shares which you hold in a management company by virtue of owning the property;

16.1.5 to receive any money payable to you in connection with the property or any insurance of it;

16.1.6 to appoint one or more persons as receiver under condition 15.5.5;

16.1.7 to pursue any actions in respect of any property rights.

16.2 You cannot cancel the appointment in condition 16.1 while the mortgage remains in force.

16.3 If we request you to do so, you will confirm anything done by us while acting under the power of attorney in condition 16.1.
16.4 You agree to do any of the things referred to in conditions 16.1.1 – 16.1.7 yourself if we ask you to do so.

16.5 You will execute any document and do anything else we reasonably require for any of the purposes listed in condition 16.1 or otherwise to assist us in exercising our powers under the mortgage.

17 Guarantee
17.1 This condition applies if the mortgage is executed by a guarantor.

17.2 The guarantor guarantees to us that you will repay the following (with interest at the interest rate) in accordance with these conditions:

17.2.1 the initial loan;

17.2.2 any further loan which we make to you with the guarantor's written consent;

17.2.3 any costs or service charges which we charge to a part of the mortgage account which relates to any loan which the guarantor has guaranteed under condition 17.2.1 or 17.2.2.

17.3 The guarantor also guarantees that you will comply with each other obligation imposed on you by these conditions and any offer letter.

17.4 If we allow you extra time within which to make any payments or to do any other thing which you are required to do under these conditions or any offer letter, this will not release the guarantor from his obligations to us.

18 Transfer
18.1 We may transfer all or any of our rights to the mortgage and/or the mortgage debt at any time. We will only transfer our rights if:

18.1.1 the transferee agrees to exercise those rights in accordance with a statement of policy which we approve before the transfer; and

18.1.2 we reasonably think that the policy described in the statement is no less favourable to you than the policy we were following before the transfer.

18.2 If we transfer the mortgage the transferee will have the benefit of all our transferred rights and remedies under these conditions and will be able to enforce all your obligations under them and you will be bound by any statement of fact which we make in good faith to the transferee, unless we made the statement without exercising reasonable care. References in these conditions to ‘we’, ‘us’ and ‘our’ will be to any transferee as applicable and without limiting this, it will include the ability to exercise our rights in accordance with these conditions to change interest rates, costs and service charges by reference to that person’s circumstances.

18.3 You consent to us passing relevant information concerning the mortgage account, these conditions or the mortgage to any potential transferee and their advisers.
19 Release

19.1 We will only release the property from the mortgage if:

19.1.1 the mortgage debt has been repaid in full; and

19.1.2 any other liabilities which are secured by the mortgage by virtue of condition 12.1 have been discharged or otherwise provided for.

19.2 You may repay the whole or any part of the mortgage debt at any time.

19.3 You may have to pay an early repayment charge as set out in the offer letter and, if the property is released from the mortgage, a discharge fee.

20 Notices

20.1 We may give you notice under these conditions by posting it to you at your current address.

20.2 Any notice given by first class post will be treated as given on the second working day after posting. Any notice given by second class post will be treated as given on the fourth working day after posting.

20.3 Any notice we give will come into effect on the date on which it is given unless a different date is specified in the notice.

20.4 The provisions of this condition 20 also apply to any notice we give to a guarantor. In relation to a guarantor, references in this condition to your current address are to be understood as references to the address of the guarantor last notified to us in writing.

21 Changes

As well as our rights under the rest of these conditions to vary any specific matter, we can change these conditions at any time:

21.1 in a manner which is not to your disadvantage; or

21.2 to the extent required to comply with law or the requirements of our regulators.

Where we make such a change we will give you 30 days' prior written notice. If we change these conditions in accordance with condition 21.2 and the change is to your disadvantage, you may repay the mortgage debt with no early repayment charge if you do so within 90 days of receipt of notice of the change, though you will be liable for the discharge fee.

22 Set Off

22.1 We may set off any money we owe you on the mortgage account or any other account held in your name against parts of the mortgage debt which are due and payable.

22.2 We will give you written notice at least 30 days before doing this. We will not apply our right of set off against money which, taking into account any representations you make to us, we know or ought reasonably to know:
22.2.1 is needed for your essential living expenses or to pay debts you need to pay to retain your home and access to essential goods and services you need to live and work;

22.2.2 is needed to pay debts you are required to pay by legislation or a court order; or

22.2.3 which you have received from a government department, local authority or NHS payment body for a specific purpose.

23 Membership
Unless and until the mortgage is transferred to a person who is not a building society, you will be one of our members and will be bound by our rules in force from time to time. In the event of any conflict our rules will prevail.

24 Complaints
We always try to provide an excellent standard of service but if you have cause to make a complaint, details of how you may do this are set out in our ‘Customer Care Complaints procedure’ leaflet. You may obtain a copy of this by visiting any of our branches or by telephoning our Customer Contact Centre on 0330 333 4000. Any complaints we cannot resolve may be referred to the Financial Ombudsman Service.

Postal address: The Financial Ombudsman Service, Exchange Tower, London E14 9SR
Telephone number: 0300 123 9123
Switchboard: 020 7964 1000
From outside the UK: +44 20 7964 1000
Website address: http://www.financial-ombudsman.org.uk/consumer/complaints.htm
Calls to this number are part of inclusive minutes from mobile and landline packages. To help us maintain our service and security standards, telephone calls may be monitored and recorded. Principality Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, reference number 155998. Principality Building Society, Principality Buildings, Queen Street, Cardiff, CF10 1UA. www.principality.co.uk