

Mortgage Conditions

Effective from August 2024

About these mortgage conditions

These conditions give you information about your mortgage.

1. Read these conditions so that you understand how your mortgage works. Keep them somewhere safe so you can look at them again in future.
2. If you have any questions, please get in touch.

Your mortgage conditions (and any other documents that make up the agreement for your mortgage) are also available in other formats, including large print format. Please get in touch if you need your documents in another format.

Getting in touch

How you can contact us

You can contact us in many ways:

Visit us

Visit us at one of our branches.

Our website has details of where to find your nearest branch.

Telephone

0800 781 4311.

Your calls may be monitored or recorded to maintain a quality service.

Website

www.furnessbs.co.uk

Email

furness.direct@furness-bs.co.uk

Post

Furness Building Society, Emlyn Hughes House, Abbey Road, Barrow-in-Furness, Cumbria, LA14 5PQ.

How we'll contact you

We'll contact you and any guarantor using any of the contact details you've given us or at the address of the property.

If you are borrowing with someone else or there is a guarantor, we may give notice to all of you by giving or sending it to one of you, unless a law or regulation says we must give each borrower and guarantor notice.

If you or any guarantor dies, or where there is more than one borrower or guarantor and any one of you dies, we may give notice by posting it addressed to the personal representative of the deceased. We'll send it to either the deceased's last known address in our records, or at the address of the property. If there is more than one personal representative, we may address the notice to any one of them.

If we contact you in writing, we'll treat you as having received the communication 72 hours after we sent it to you. If there is more than one borrower or guarantor, we may give notice to all of you by giving or sending it to one of you, unless a law or regulation says we must give each of you notice.

It is important that you tell us if you or any guarantor, change your postal or email address. Go to "What if you change your address?".

Making a complaint

How to make a complaint

At Furness Building Society, we always try to provide a first-class service. Occasionally, things can go wrong, however. If they do, we'll do our best to put them right.

If you have a complaint, please contact us. Go to "Getting in touch".

You can also find more information in our complaints-handling procedure. Please contact us for a copy. Go to "Getting in touch".

What happens next?

We'll record your complaint and work hard to resolve it as quickly as possible. Some complaints may take longer than others to resolve. We'll send you a final decision once we have resolved your complaint. This will explain our investigation and how we came to our decision.

If you aren't happy with the outcome, you may be able to take your complaint to the Financial Ombudsman Service. In our final decision, we'll include a leaflet that explains the procedure. The Financial Ombudsman Service is a free service to resolve complaints. It has the power to put things right if it thinks you've been treated unfairly.

You can contact the Financial Ombudsman Service using the details below. You must contact them within 6 months of receiving our final decision.

Telephone

0800 023 4 567 – this is free of charge if you are calling from a fixed line phone.

0300 123 9123 – calls to this number cost no more than calls to 01 and 02 numbers.

Website

www.financial-ombudsman.org.uk

Post

The Financial Ombudsman Service, Exchange Tower, London E14 9SR.

You may also be able to complain to the Financial Conduct Authority.

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Your mortgage with us

The agreement for your mortgage is made up of:

The mortgage offer

This is the document that sets out the key terms of the mortgage. It also sets out any special conditions that apply to the mortgage.

These conditions

These conditions are split into two parts

Part 1 Your mortgage	These are the main conditions that apply to your mortgage.
Part 2 Our relationship	These are the conditions that apply to our relationship. For example, it tells you things like how we can make changes to your mortgage.

The mortgage deed

This is the legally-binding document that confirms your agreement with us that the property can be used as security to cover your mortgage loan.

The charges leaflet

This sets out the fees and charges that we can apply to your mortgage.

The rules of Furness Building Society

Everybody who has a mortgage with us is bound by the rules. See "Membership" below for details.

If your mortgage offer says something different or additional to another part of the agreement for your mortgage, the terms of your mortgage offer will apply. For example, if your mortgage offer says something that contrasts with these conditions, the terms of your mortgage offer will override the conditions.

Please contact us for a copy of any of these documents at any time. Go to "Getting in touch."

What your mortgage is for

A mortgage lets you borrow money by using a property to secure the money. Usually, the property used as security is the property you are buying. Your mortgage has a set duration we call the 'mortgage term'. Details are set out in the mortgage offer.

Key terms you need to know

- 'we', 'us', 'our' means Furness Building Society. It includes anyone who takes over any of our legal rights or duties under your mortgage. If we have transferred any of our rights under your mortgage to someone else, 'we', 'us', 'our' also means the person we have transferred them to
- 'applicant', 'borrower', 'you' and 'your' means the person or people named in the application form. If there is more than one of you, it means all of you and includes the mortgagor(s) where applicable
- 'owner' means the borrower or borrowers who own the property and, if different, the mortgagor(s)
- 'property' means the land or building that is being used as security under the mortgage deed. The mortgage offer will set out the details of this property
- 'guarantor' means the person who is guaranteeing the borrowers' obligations under your mortgage

- 'capital' means the money you originally borrowed from us, plus any further loan
- 'further loan' means further money we loan you which is secured under the mortgage deed
- 'money you owe us' means all the money you owe us which is secured under the mortgage deed. It includes any unpaid fees, costs and charges, any unpaid interest and any arrears
- 'mortgage balance' means the money you still have left to repay under your mortgage. This includes, capital, interest and any fees, costs and charges
- 'normal business hours' means 9am to 5pm on a working day
- 'working day' means a day other than a Saturday, Sunday or public holiday in England and Wales
- 'head office' means Emlyn Hughes House, Abbey Road, Barrow-in-Furness, Cumbria, LA14 5PQ.

What is security?

When you sign the mortgage deed, this creates a legal charge over your property. When your mortgage loan completes, it's important that we have a first legal charge over your property. This means there must not be any other mortgages on your property that take priority over ours. All the owners of your property must sign the mortgage deed.

The legal charge gives us rights over your property. This is our security for the money you owe us. These rights protect us so that if you break the agreement, we can sell your property to repay the money you owe us. This includes if you don't make your monthly payments in full and on time. We explain more about our rights in "Our rights".

We'll keep our security over your property until you have repaid the money you owe us. The legal charge covers the money you owe us that is secured by the mortgage deed. We explain what 'the money you owe us' means in the "Key terms you need to know".

We may consolidate (combine) our security under this agreement with any other security we have or at any time hold regarding any other money you owe us. We can do this even if you have kept your obligations under the agreement or any other security. This means we can require you to redeem both the security under this agreement and any other security at the same time. We can refuse to accept repayment of one security alone.

This means that a restriction on using our right to consolidate our security, which is set out in the Property Acts, does not apply (see "What are the Property Acts" in "Our rights").

The law sets out restrictions on how we can use our rights in relation to your property. These restrictions are set out in the Property Acts. The law also allows us not to apply these restrictions. If we didn't exclude this restriction, we wouldn't be able to exercise our right of consolidation.

Related rights under your mortgage

As owner of the property, you may have additional rights related to the property. We call these 'related rights'. This includes things like:

- a third party being required to build, improve or pay for roads, sewers or walls, or
- any money which may become payable in respect of the property.

you, as owner of the property, agree to:

- transfer the benefit of any related rights to us
- appoint us and, where the Property is in England and Wales, any receiver we appoint to be your attorney in respect of:
 - claiming, assessing, enforcing, recovering and receiving any compensation arising from any related rights
 - exercising any rights and giving any notices relating to the property which the owner needs to give, and
 - apply any money received from a related right to, depending on what we ask, either:
 - reduce the amount outstanding under your mortgage, or
 - restore or improve the property.

We'll transfer the benefit of any related rights back to you when you repay all the money you owe us that is secured by the mortgage deed.

Borrowing with other people

When you borrow with other people, the agreement applies to all of you together and each of you separately.

If there is more than one borrower or a guarantor, the terms of your mortgage apply to all of you together and each of you separately. This means you are each responsible individually and as a pair or group.

If you want to make any changes to your mortgage loan, we'll normally need the agreement of all the borrowers.

If the relationship between the joint borrowers breaks down, we may not be able to release one or more of the joint borrowers from the agreement. This is because we have to check that the remaining borrower(s) can afford to repay the mortgage.

If a joint borrower dies, the remaining borrower(s) will still be liable in full for your mortgage. This is regardless of how the title to your property was held between you. You will need to let us know when a borrower dies. Go to "Getting in touch".

Membership

Furness Building Society is a mutual. This means we are owned by our members. You'll become a member when you take out a mortgage with us. If you have a joint mortgage, you will all be members. Only the person named first in our records can use membership rights. These include voting rights at meetings. If we transfer your mortgage to another lender, you'll stop being a member.

Members are bound by the rules of Furness Building Society.

You agree that if we sell our business or are taken over, any benefits you get as a result of this will go to the Charities Aid Foundation. This doesn't apply if you have been a member continuously since before 1st October 1999. You can find further details in our charitable assignment leaflet. Please contact us for a copy. Go to "Getting in touch".

Our fees and charges

We'll charge you for some of the services we provide you. For example, you'll usually need to pay us a fee for providing additional copies of any documents you require and for discharging the mortgage. This is when your loan has been repaid and the mortgage can be removed from the title of your property (evidencing you have full ownership of your home). Our fees and charges are set out in our charges leaflet. Part 2 of these conditions tells you when we can make changes to the fees and charges that apply to your mortgage. Go to "How we can make changes to your mortgage".

The charges leaflet forms part of your mortgage. Please contact us for a copy. You can also find it on our website www.furnessbs.co.uk. Go to "Getting in touch".

If a charge isn't set out in the charges leaflet, we'll tell you what it is before we provide the product or service. You can contact us at any time for details.

We'll tell you by letter when you have incurred a fee or charge. We'll add the fee or charge to your mortgage balance on the day you incur the fee or charge. You have to pay interest on fees and charges at the interest rate that applies to your mortgage. We calculate interest from the first day of the month following the day you incur the fee or charge to the day it is paid.

You can also pay the fee by card or any other method we tell you that you can use by contacting us. Go to "Getting in touch". If you pay the fee before the first day of the month following the day you incur the fee or charge, you won't pay any interest on the fee or charge.

If you breach the terms of your mortgage, you agree to pay us all reasonable costs we incur because of your breach. For example, we may charge you for:

- any legal proceedings relating to your mortgage
- exercising our rights under the law or your mortgage
- the cost of instructing a debt collector or recovering any money you owe us
- protecting our security
- checking that the insurance for the property is good enough, and
- insuring the property.

Part 1: Your mortgage

Repaying your mortgage

How you repay your mortgage will depend on whether you have:

- a repayment mortgage – this is where your monthly payments will pay both capital and interest. We calculate the monthly payments to repay the mortgage loan by the end of the mortgage term if you make all payments fully and on time. This means that each monthly payment pays some of the interest and some of the capital.
- an interest-only mortgage – this is where your monthly payments will only pay interest. You won't repay any capital. At the end of the term, you'll still owe us all the capital. **With an interest-only mortgage, you will still owe the capital at the end of the mortgage term. You must make arrangements to pay off the capital by the end of the mortgage term. These arrangements are sometimes called a repayment strategy. If you don't pay off the capital at the end of the mortgage term, your property may have to be sold to repay the money you owe us.**
- a part and part mortgage – this is where part of your mortgage is a repayment mortgage and part is an interest-only mortgage. Your monthly payments will pay both capital and interest, but at the end of the term, you'll still owe us some of the capital. **With a part and part mortgage, you will still owe some of the capital at the end of the mortgage term. You must make arrangements to pay off the capital by the end of the mortgage term. These arrangements are sometimes called a repayment strategy. If you don't pay off the capital at the end of the mortgage term, your property may have to be sold to repay the money you owe us.**

Your mortgage offer will tell you what type of mortgage you have.

Monthly payments

You agree to pay us the monthly payments on the payment date. If a payment date isn't on a working day, we'll take your monthly payment on the first working day after the payment date. When your mortgage starts, we'll tell you the first payment date.

Your first monthly payment

Your first monthly payment may be larger than other monthly payments. This is because it might be more than a month between when we send you the money you're borrowing through the mortgage loan and your first monthly payment. This means you'll be paying more interest as part of your first monthly payment.

For example

We send you the money you're borrowing through the mortgage loan on 15th April. Your first monthly payment is on 31st May and will include interest on the money from 15th April to 30th April and the amount of your normal monthly payment amount from 1st May to 31st May.

We'll tell you how much your first monthly payment will be as soon as we can after we send you the capital. This will tell you how much extra interest you are paying.

Changing your monthly payments

Your monthly payment will change if there is a change in:

- your interest rate
- the payment date
- if you repay some of the mortgage loan
- we give you a further loan
- the repayment type, for example your mortgage changes from interest-only to repayment
- the mortgage term.

The change in the monthly payment will take effect on the first day of the month following the change occurring. If the first day of the month is less than seven days after the change occurring, the change will take effect on the first day of the next month.

For example, if your interest rate changes on 10th July, the interest change will take effect from 1st August, but if your interest rate changes on 31st July, the interest rate change will take effect from 1st September.

We may agree with you to increase the monthly payment to cover arrears or unpaid interest and fees, costs and charges but we won't automatically do this. If we don't agree to increase the monthly payment to cover these, there will be an amount left to pay at the end of your mortgage term.

We can also change the monthly payment amount we collect if we have agreed with you to make an arrangement. This includes letting you make lower monthly payments, including pausing the payment of interest in full on your monthly payment. If this happens, we'll still apply interest. We can change the monthly payment if your arrangement comes to an end or you stop making payments under the arrangement. We'll let you know if this happens.

Interest-only mortgages at the end of the term

At the end of the term, you need to pay back the capital. It is your responsibility to make sure you have the money to do this. During the term, we may contact you to ask for evidence of your plan on doing this.

Missed payments and arrears

If you fall behind with a monthly payment or part of a monthly payment, your mortgage will be in arrears. Arrears also includes any unpaid interest and fees, costs and charges. If you have arrears, you will pay extra interest and interest on the interest for those arrears. Arrears should be paid to us immediately. We can agree a different arrangement with you. If we cannot agree an arrangement and we start court proceedings against you, the court may give you more time to pay. If you have a payment shortfall or arrears, you may also incur extra charges. Arrears and interest on arrears aren't automatically covered in your monthly payments. You must make separate arrangements to pay these amounts. We may agree with you to increase your monthly payments to cover arrears and interest on arrears. This won't happen automatically.

Important

If you think you won't be able to make a monthly payment or you fall into arrears, it's important to contact us to see how we can help. Go to "Getting in touch".

If you have arrears and a payment you make isn't enough to cover the arrears and your monthly payment, any payment you make will reduce arrears first. If this happens, there won't be enough to fully pay the amount of your monthly payment due that month. To reduce your arrears, you will need to make a payment in addition to your monthly payment.

Example

If you have arrears of £500 and your monthly payment due in a month is £1,000, you will need to pay £1,500. If you make a payment of only £1,000, you will remain in arrears and will continue to owe £500 in arrears.

Interest

Interest will be charged at the interest rate(s) set out in the mortgage offer. We calculate interest:

- from the date we provide you with the capital
- on a monthly basis on the mortgage balance at the end of the previous month, and
- up to and including the day you repay the money you owe us in full.

We may also charge interest on any fees, costs and charges that we've applied to your mortgage.

Amount	When we start charging interest
The money we lend to you including any further loans	The day we release the funds
Fees, charges and costs	The first day of the month following a fee, charge or cost being added to the mortgage balance
Interest including interest on any arrears and interest on interest we've already charged you	The first day of the month following arrears or interest being added to the mortgage balance
Amounts you haven't paid, when they're due and when we pay them for you and add them to the mortgage balance, for example ground rent or service charge	The first day of the month following any amounts we pay for you being added to the mortgage balance

How we work out interest

We use a daily interest calculation based on the actual number of days in the month. We calculate interest once per month using the mortgage balance outstanding at the end of the previous month and add this interest to the mortgage balance on the first day of the month. For example, the month end mortgage balance on 31st October is used to calculate interest for the 30 days in November. We calculate the interest based on the mortgage balance at the interest rate that applies to your mortgage loan.

Types of interest rate you may have

Your mortgage offer explains what type of interest rate applies to your mortgage loan. If your mortgage loan is made up of more than one part, different types of interest rate may apply to the different parts.

We explain the different types of rate below.

Fixed rate	<p>This is where the interest rate you pay doesn't go up or down, it stays the same. A fixed interest rate applies for a set period of time. Your mortgage offer explains how long the fixed rate applies and the type of rate applying at the end of the period.</p> <p>We'll remind you when your fixed rate is due to end.</p>
Tracker rate	<p>This is where the interest rate you pay follows (or tracks) a rate not set by us – for example, where the rate tracks the Bank of England base rate.</p> <p>If the externally set rate goes up or down, your interest rate will go up or down by the same amount but the rate you pay will never go below 0%. This means your monthly payments could change over time.</p> <p>Your mortgage offer explains the rate, how it's tracked, how long the tracker rate applies and the type of rate applying at the end of the period (if applicable).</p> <p>Your interest rate will change after a change to the externally set rate that it's tracking. Your mortgage offer will tell you how long after the change in the tracker rate we'll change your interest rate.</p> <p>We'll remind you when your tracker rate is due to end.</p>
Variable rate we control	<p>Variable rates we control includes our Mortgage Variable Rate. Your mortgage offer explains which rate applies to your mortgage loan. A variable rate we control is a rate that we set and we can decide when it goes up or down. It isn't linked to the Bank of England base rate or any other externally set rate.</p> <p>We can reduce a variable rate we control at any time for any reason but we can only increase the rate for certain reasons, which are set out in "How we can make changes to your mortgage" below.</p> <p>If the rate changes, we'll tell you about it at the same time as we tell you about the change to your monthly payment.</p> <p>You can find more details of the variable interest rates we control on our website.</p>

Insuring the property

The owner must insure the property:

- against internal and external building damage caused by a range of natural hazards and manmade incidents for the full term of the mortgage and must allow for inflation. Causes should include things like fire, storms, floods and subsidence
- to meet the property's full rebuilding cost. This means that if something happens to your property, the money from a claim will pay for it to be rebuilt. The full rebuilding cost must include architects' and other professional fees, demolition, site clearance and the costs of complying with any legal and regulatory requirements.

The owner must:

- if we ask, give us:
 - copies of all insurance policies relevant to the property,
 - evidence that shows that these policies are in force.
- tell us as soon as possible if building damage has occurred to the inside or outside of the property. You only need to do this if you are or should be contacting your insurer to make a claim.

You must not do anything that means the insurer could refuse to pay a building's insurance claim.

We may insure the property if you or the owner breach any of your obligations relating to insuring the property. If we insure your property, we'll add the costs to the mortgage balance and charge interest on it.

If we arrange any insurance for you or the owner, we may receive a commission from the insurer. You agree that we can keep the commission unless the law says otherwise.

If a claim is made

If a claim is made on the buildings insurance, any money received from the insurer must be used to repair or rebuild your property unless we tell you it must be used to repay the money you owe us. We'll only ask you to do this if we reasonably think that using the money to repair or rebuild your property won't put it in good enough condition for its value to cover the money you owe us.

You must put any money paid to you by the insurer to one side for us and not spend it. This means you hold the money on our behalf and pay it to us straight away if we ask you to. We'll then use the money to repair or rebuild your property or use it to repay the money you owe us. If there's any money left over, we'll pay it to you or to any other person who has a right to it.

Repaying your mortgage early

You can repay your mortgage loan in full or in part at any time.

This could happen if you:

- repay the mortgage loan before the end of the mortgage term, for example, if you sell your house or repay your mortgage loan and take a mortgage loan with another lender
- repay early some of the mortgage loan, for example, you make an overpayment. This could happen if you regularly pay more than your monthly mortgage payment, or you make a one-off payment of a lump sum.

Your mortgage offer explains more about overpayments. It also tells you whether an early repayment charge applies and how it's calculated. If you repay all the money you owe us before the end of the mortgage term, you may also have to pay other charges that are set out in our charges leaflet.

When you make an overpayment, this reduces the mortgage balance. There are two types of overpayment that you can make:

- a one-off lump sum payment – this is a payment you make separately from your normal monthly payments and is generally a larger payment, and
- a regular overpayment – this is a payment you make in addition to your normal monthly payments and is generally a smaller payment.

To make an overpayment, please get in touch with us. Go to "Getting in touch". Where we aren't sure whether an overpayment is a one-off lump sum payment or a regular overpayment, we'll contact you to check.

If you make a one-off lump sum payment, we'll reduce the amount of your mortgage balance on which interest is charged from the date we receive the overpayment. We'll let you know how a one-off lump sum payment will change your monthly payments.

If you are making regular overpayments, we'll reduce the mortgage balance on which the following month's interest will be calculated. Regular overpayments won't change your monthly payments. Go to "Interest".

If you want to repay all of your mortgage loan before the end of the mortgage term, you need to contact us first so that we can send you a redemption statement.

Our rights

From the start date of your mortgage, we have:

- a power of entry into possession. This means in some circumstances we can take possession of the property
- a statutory power of sale, and
- if your property is in England or Wales a statutory power to appoint a receiver. If we appoint a receiver, they'll receive any commission we think is reasonable. They will decide the order of priority to pay any money you owe.

If your property is in England or Wales, the restrictions in the Property Acts don't apply to your mortgage. We explain more about what the Property Acts are below.

Breaking the terms of the mortgage agreement with us

If you break the terms of your mortgage agreement and it's so significant that we have to take steps to end your mortgage, you're said to be 'in default'. If this happens, we can notify you that the money you owe us is immediately repayable. We may be able to agree something different with you. You'll be in default if any of the following things happen:

- you have acted dishonestly – for example, you have committed fraud
- you are using or have used your mortgage or the property for illegal or criminal activity
- you have let your mortgage or the property be used by someone else for illegal or criminal activity
- your arrears add up to two or more monthly payments
- you have seriously or repeatedly failed to meet your obligation and responsibilities under your mortgage. You will only be in default if the breach is serious and you don't put it right within 28 days
- you've given us false or misleading information. You'll only be in default if we wouldn't have lent you the money if we'd been provided with the correct information
- if the property is subject to compulsory purchase. This is when certain government bodies can acquire property without the consent of the owner

- the owner abandons the property or gives us possession of it
- you, the owner or the guarantor become insolvent – for example, if you become bankrupt or sequestered
- you die and there are no other borrowers
- another lender tells us that they are going to:
 - repossess the property
 - appoint a receiver over the property where the Property is in England and Wales, or
 - exercise a power of sale over the property.

We can also require you to repay the money you owe us if we have to due to regulatory or tax reasons. We'll act reasonably if we do this and will only ever use this reason if, after speaking to our regulator, they confirm we should.

What happens if you break the mortgage agreement with us

If you're in default and the money you owe us becomes payable immediately, we can take steps to:

- take possession of the property. You'll have to move out
- if the property is located in England and Wales, appoint a receiver over the property. This doesn't automatically mean we've taken possession of the property. The receiver won't be one of our employees or officers
- sell the property. We can sell it even if we don't have possession
- insure the property to the full reinstatement value. We'll charge you the premium and any related costs, and
- use any other power we have under the:
 - Law of Property Act 1925
 - Redemption of Standard Securities (Scotland) Act 1971
 - Conveyancing and Feudal Reform (Scotland) Act 1970
 - Mortgage Rights (Scotland) Act 2001, and
 - Homeowner and Debtor Protection (Scotland) Act 2010.

What are the Property Acts?

The law sets out restrictions on when we can use our rights to sell your property. These restrictions are set out in the Property Acts. The law also allows us not to apply these restrictions. Our right to sell your property is free from any of the restrictions in the Property Acts.

When we refer to the Property Acts, we mean:

- the Law of Property Act 1925 if your property is in England or Wales; or
- the Redemption of Standard Securities (Scotland) Act 1971 and the Conveyancing and Feudal Reform (Scotland) Act 1970 if your property is in Scotland.

and any new laws or regulations that amend or replace them.

The restrictions in the Property Acts say we can't use our power to sell your property until we have met certain conditions. If this applied, it would mean, for example, that if we issued a notice asking you to make payment, we'd have to give you three months to make payment before using our right to sell.

We can use the other enforcement rights and powers given to lenders under the Property Acts and any other laws and regulations. These rights and powers include the ability to take a surrender of a lease and to insure your property. This is as well as our ability to take possession of your property to let it or sell it.

What happens when we enforce your mortgage?

Once we enforce your mortgage, all our obligations under your mortgage end.

If we (or a receiver where the Property is located in England and Wales), get possession of the property, we'll give you 14 days to remove everything you own. After this, we or a receiver can, at your cost:

- sell anything left in the property. If we sell the property, we can include anything left in the property in the sale price
- remove anything left in the property and store it, or
- let anything left be used by any future tenant of the property. Rent received from tenants won't be taken to mean the tenant has purchased anything you have left in the property.

If the property is in Scotland

If we enforce your mortgage and the property is in Scotland, you agree:

- to vacate the property if we've given you 7 days' written notice, and
- that we may apply for a court order to have you removed from the property. We'll apply for the court order in any Sheriff Court near where the property is located after the 7 days in the notice have ended, and
- that we may, at your expense remove, store, sell or otherwise deal with any goods or animals which you have not removed from the property. We will not be responsible for any loss caused by our so doing. We will account to you for all proceeds received less all expenses reasonably incurred.

Taking possession of the property

When we are in possession of the property, we are not accountable as a mortgagee in possession. This also applies to when a receiver is in possession.

After taking possession, we can give possession back to the owner at any time. We'll tell you if we're going to do this.

Appointing a receiver

Where the Property is in England and Wales, receivers are appointed by us and take full responsibility for managing your property. They can sell your property or collect rent on it. They can contact the occupants and deal with wider issues such as repairs, damage and insurance. You're responsible for all the receivers' costs as well as what they charge us for their services. The amount they are paid must be reasonable.

If we appoint a receiver, we'll make the appointment in writing. This will set out the rights and obligations of the receiver, which may include:

- taking possession of the property
- selling the property
- purchasing land or other property
- repairing or altering the property
- finishing works on the property
- leasing the property
- surrendering the lease on the property, if the property is leasehold
- accepting surrenders of tenancies if the property is let out
- signing documents on your behalf
- defending any proceedings in relation to the property. This includes settling claims
- insuring the property for the full reinstatement value and anything else they consider necessary

- employing third parties for any purpose related to the property
- giving and receiving notices
- applying for planning permission and other consents, and
- doing anything else that the receiver thinks may be helpful to them being a receiver.

The receiver will be your agent for all purposes related to the property. You'll be responsible for everything the receiver does and doesn't do. You'll also be responsible for paying the receiver, which includes any costs, charges and expenses they incur.

After appointing a receiver, we can remove the receiver at any time. We'll tell you if we're going to do this.

Selling the property

Once we can use our power of sale, we may:

- grant and accept any surrender of a tenancy, if you let the property
- carry out repairs and alterations on the property
- pay agents to carry out any of our powers under the terms of your mortgage
- keep any money we receive to use towards future payments or money you may owe, and
- do anything we think reasonably necessary to maintain our or the owner's rights in the property.

If we sell the property and anything left in it, we'll apply the net sale proceeds to the money you owe. 'Net sale proceeds' means what we sell everything for, less any costs and taxes we incur in selling it. If the net sale proceeds aren't enough to pay off the money you owe in full, you'll still owe us the difference. We'll charge you interest on the difference until you repay all the money you owe. If the net sale proceeds are more than is needed to pay off the money you owe in full, we'll send the difference to you or to any other person who has a right to it.

Your obligations

Owner's obligations

The owner must:

- put and keep the property in good repair
- if we approve any change to the structure or use of the property:
 - make sure all work is carried out in accordance with the law and any planning or building regulation requirements
 - comply with the terms we approve the change on, and
 - make the change at a reasonable speed
- if your mortgage sets out that your capital will be paid in phases as building work is carried out:
 - use the capital to pay for the building work
 - make sure all work is carried out properly with good quality materials
 - make sure all work is carried out in accordance with the law and any planning or building regulation requirements, and
 - get a certificate and guarantee from the National House Building Council or a similar group
- pay everything related to the property or its use on time – for example, ground rent, service charges and tax
- tell us straight away if you receive or send any notice related to the property. This includes giving us a copy of the notice and helping us if we challenge a notice

- let us enter the property without becoming a mortgagee in possession to inspect its condition. We'll only ask to do this at reasonable times, and we'll give you reasonable notice
- provide us with any information we require in respect of the property
- carry out any work we require on the property straight away at your reasonable cost. You need to carry out the work in an appropriate manner
- if the property is leasehold, tell the freeholder about your mortgage
- pay us our costs for dealing with any request you make for consent under any term of your mortgage. You need to pay these costs straight away when we demand them
- tell us straight away if anything happens to the property that may lead to a claim for damages, compensation or a debt
- properly manage any agricultural land that forms part of the property. This includes complying with:
 - the Agricultural Holdings (Scotland) Act 1991
 - the Agricultural Holdings (Scotland) Act 2003
 - and any other similar law that applies anywhere in the UK
- if we ask you to, prepare and execute further legal mortgages or similar documents in our favour, and to pay the reasonable cost for this. These documents may include:
 - where the property is located in England and Wales:
 - an immediate power of sale without notice
 - a clause excluding section 93 of the Law of Property Act 1925 (restriction on consolidation of mortgages)
 - the restrictions in section 103 of the Law of Property Act 1925 (regulation of exercise of power of sale)
 - where the property is located in Scotland, a minute dispensing with or shortening the period of notice contained within the calling up notice under schedule 6 of the Conveyancing and Feudal Reform (Scotland) Act 1970
 - any other clauses we ask for, and
- send us your share certificate(s) or other evidence that you hold the shares, if the owner holds any shares relating to the property in a:
 - management company, or
 - residents society.

We call these 'management shares'.

The owner must comply with:

- the terms of your mortgage
- any restrictions and obligations in respect of the property – for example, any restrictive or positive covenants on your title deeds
- all relevant laws relating to the property, its development or use, and
- the requirements of the relevant local planning authority or any other legislation in relation to your property. Your local authority may issue Environmental Law notices that relate to the property. If that happens, you must send us a copy of the notices and keep us informed about your progress in complying with them. If you fail to comply with such a notice we may carry out any necessary work, necessary to comply. You agree to pay us any reasonable costs and expenses we incur in this respect
- the requirements of the freeholder if the property is leasehold.

The owner must not without our prior written consent:

- change the structure of the property or let it be changed – for example, you need our consent to knock through a wall
- change how the property is used or let it be changed – for example, you need our consent to turn a residential property into a commercial property
- sell or transfer the property or any part of it
- let the property or any part of it to anybody
- if the property is leasehold, enter into a new lease with the freeholder
- hold the property on trust for anybody
- create any other mortgage, charge, rights, or similar over the property or apply for any grants from a local authority
- where the property is located in England and Wales, try to exercise the right to enter into any lease of the property under the Law of Property Act 1925 during the mortgage term, and
- apply for an improvement grant or loan for the property under:
 - the Housing Act 1985
 - the Housing (Scotland) Act 1985
 - Housing (Scotland) Act 2006, and
 - and any other similar law that applies anywhere in the UK.

The owner must not do anything or fail to do anything that affects the insurance of the property. This includes anything that may increase the premium payable for the insurance.

Guarantor's obligations

The guarantor has to perform all obligations under your mortgage that apply to the borrower and owner. If the guarantor consents to you taking out a further loan, they'll have to perform all obligations under that further loan as well. The guarantor will continue to be liable despite:

- your mortgage being varied
- us waiving any of our rights, and
- any act or omission relating to the terms of your mortgage.

The guarantor should take independent legal advice before entering into the guarantee.

If you have a buy-to-let mortgage with us

Your mortgage offer will tell you if you have a buy-to-let mortgage. If you do, you'll have some extra obligations. Your mortgage offer will contain more requirements about letting your property.

If you don't have a buy-to-let mortgage but we have given you permission to let your property, you'll need to comply with any extra obligations we ask you to comply with as a condition of our consent for you to let your property.

You must keep up your monthly mortgage payments on the loan whether or not your property is let and whether or not you receive payment from your tenant.

You must keep to the requirements in "Your obligations" and "Insuring the property" and you must tell your insurer that your property is let.

If your property is leasehold, you must get the freeholder's permission before you enter into a tenancy agreement for your property. You must also comply with any requirements in your lease or any other requirements your freeholder has set as a condition of giving permission.

You must comply with all legal and regulatory obligations regarding the letting of your property. You must obtain any licences, authorisations, and approvals you need.

Part 2: Our relationship

Power of attorney

An 'attorney' is someone who can act on your behalf and in your name to do certain things as if they were you.

You appoint us as your attorney to do anything we reasonably think necessary to:

- protect our security under your mortgage, or
- do anything you have to under the terms of your mortgage.

This includes:

- signing and completing any documents needed to correct a default in your title to the property or your mortgage
- using any power you have in relation to your property, and
- varying your title to the property to protect or enhance our security.

You also appoint us as your attorney to:

- transfer management shares to anybody we sell the property to
- receive any money payable in respect of the transfer of the management shares, and
- receive any money payable in respect of an insurance policy as described in "Insuring the property".

Your title deeds

You can ask us to send you the title deeds for your property or an extract from the deeds. We can send you the originals or the copies. We may put in place reasonable conditions before we send you these and we may charge you. We'll tell you what the fee will be in advance. You'll need to pay the fee before we send you anything.

Sometimes, we might tell you that we don't need to pre-register your title deeds. If we tell you this and you send us your title deeds anyway, we may charge you for storing the title deeds.

Transferring your mortgage

How you can transfer your mortgage

Except as set out below, you cannot transfer your right or obligations under your mortgage to another person.

If we give you our prior written consent, you can sell the property to a third party. You may also have to pay a fee to do this. This will be set out in your mortgage offer. After you sell it, the third party will be responsible for all obligations under your mortgage from the date of the transfer. We won't register the transfer until:

- we've approved the deed of transfer at your expense, and
- we've received the deed of transfer with the title deeds to the property.

How we can transfer your mortgage

We may transfer our rights and obligations under your mortgage to another person without your consent. We'll only do this if:

- that person has the correct authorisations and permissions with our regulators, and
- the transfer doesn't reduce your rights under your mortgage.

If we transfer your mortgage, you may lose your membership of Furness Building Society. You'll continue to be a member if you have another product with us that gives you membership.

We may give the person we are transferring your mortgage to:

- information you gave us when applying for your mortgage
- documents supporting your application
- any other documents relating to the property and your mortgage, and
- information about how you have carried out your obligations under your mortgage.

How we can make changes to your mortgage

From time to time we may need to make changes to your mortgage. We explain below the changes we can make and when we'll tell you about them.

Changes we can make

We can make changes to:

- our charges – this includes introducing new charges
- a variable interest rate that we control, and
- the terms of your mortgage.

Changes to our charges

If we change our charges leaflet, we'll make a copy available to you with your annual mortgage statement. We can reduce any of our standard charges or remove them. We can also increase our standard charges or introduce new ones. We can only do this for the following reasons. When we make any changes, we'll act reasonably and the change will be proportionate to the reason for making it.

Reason for change	Explanation of change
Our costs change	We can make changes to reflect our internal costs or what we pay other people to provide a service or do work.
The law changes	We can make changes to respond to changes in the law, regulations or codes or practice that we comply with. This includes making changes if we reasonably expect there to be a change.
To respond to decisions by a court, regulator or ombudsman	We can make changes to respond to decisions from a court, regulator or ombudsman.
To improve our service	We can make changes to enable us to introduce new or improved services or systems for our mortgage accounts
We change technology or systems	We can make changes if the technology or systems we use to administer your mortgage changes that cause our costs to change.
To correct mistakes	To correct any mistakes if it's reasonable to do so.

We'll introduce a new charge only if it isn't possible for us to provide the service or do the work without charge. We'll show any new or increased charges in our charges leaflet.

Changes to variable interest rates we control

We can make changes to variable interest rates we control for the following reasons:

Reason for change	Explanation of change
Changes in our funding costs	To enable us to manage the costs to us of raising the money we lend our mortgage borrowers. We use the money invested by savers, together with money we raise from other financial institutions, the financial markets or other investors to lend to our mortgage borrowers. We need to balance the interest rates we pay our savers and our other funding costs with the interest rates we charge our mortgage borrowers.
Changes in externally set interest rates	To enable us to respond to changes in the Bank of England base rate, or other external rates that affect our funding costs.
The law changes	We can make changes to respond to changes in the law, regulations or codes or practice that we comply with. This includes making changes if we reasonably expect there to be a change.
To respond to decisions by a court, regulator or ombudsman	We can make changes to respond to decisions from a court, regulator or ombudsman.
We change technology or systems	We can make changes if the technology or systems we use to administer your mortgage changes that cause our costs to change.
To maintain our financial strength	If it is necessary to maintain our financial strength, in the interest of the business as a whole. We'll only use this reason after agreement with our regulator.
To correct mistakes	To correct any mistakes if it's reasonable to do so.

Changes in the way you use or occupy your property

We can change your interest rate (including a fixed rate or any other rate we're not normally free to vary) if there is a change in how you use or occupy your property that increases our risk, such as the risk of damage to your property or of you not making your monthly mortgage payment fully and on time, for example, this could happen if you rent out your property.

Changing how we calculate interest

Unless your mortgage offer says something different, we may change the way we calculate, charge and add interest to your mortgage balance for one or both of the reasons listed below. We'll tell you before we make a change.

Changes in the law	There may be changes in the law or codes of practice, or there may be a decision by a court or ombudsman that we need to comply with.
Changes in regulation	There may be changes in regulations or industry guidance or we may have to do things to make sure we continue meeting regulations and industry guidance.

Changes to the terms of your mortgage

We can make changes to these conditions by adding, removing or changing any of them. We can make changes if we think the change is not to your disadvantage.

We can also make changes for the following reasons:

- changes in regulations or industry guidance or to make sure we can continue to meet existing regulations or industry guidance
- changes in the law, or a decision by a court or ombudsman, or changes in any code of practice we comply with.

We'll make sure any change is proportionate to the reason for making it.

When we'll tell you about any changes and what you can do

We'll tell you when we make changes. How we tell you depends on the change we're making. Changes won't take effect until the date specified in the notice we give you.

If you aren't happy with the change, you can repay your mortgage immediately, subject to the mortgage offer. You may have to pay an early repayment charge or redemption fee.

Type of change	When we'll tell you
We change your interest rate(s)	At least 10 working days' notice in writing
We increase or introduce any fees or charges	The charges leaflet will be sent with your annual statement
We reduce or remove any fees or charges	We don't need to give you notice. We'll update the information on our website and in branch
We change the terms of your mortgage	Reasonable notice

Our right of set-off

If you don't pay back any money you owe us when it's due, we can repay it using money in any account you hold with us – for example, a savings account. This is called a "right of set-off".

We won't use our right of set-off on any money we think:

- you need for essential living expenses or important debts
- you are holding on behalf of someone else
- you've received from the government, local authority or NHS for a specific purpose, or
- you are legally required to keep and use in a particular way.

We'll tell you at least 14 days before using our right of set-off. During this period, we may stop you withdrawing from any account you hold with us. Once we've used our right of set-off, we'll tell you straightaway.

Our right of set-off also applies to joint accounts and joint debts. We can use money you hold in a sole account to pay debts to us that you owe jointly with other people. We can use money in an account you hold jointly to pay debts you owe jointly with that person.

Other legal information

How do we use your personal information?

We'll access, process and retain your personal information for the purposes of providing your account and the services you have requested from us.

For more information, please see the Privacy Notice on our website.

What if we make a mistake calculating that you've paid off all the money you owe?

It is possible that, after discharging your mortgage, we realise that you haven't paid as much as you should have done. This could be because we made a mistake. If this happens, we can demand that you and the guarantor pay us the difference. This applies even if we've already told you that all the money you owe has been repaid in full. We'll always act reasonably when using this right.

What if we choose not to use our rights?

Sometimes, we may choose not to use our rights under your mortgage – for example, by choosing not to close your account if you seriously or repeatedly breach your mortgage. If we do this, it doesn't mean we won't or can't do this in future.

What if part of your mortgage is found to be unenforceable?

If we are taken to court, the court may find part of your mortgage to be illegal, invalid or unenforceable. If it does, your mortgage will continue, and the other terms will be valid.

What if you change your address?

You must tell us before you change your address. If this isn't possible, you must tell us as soon as possible after. You must also tell us if you want us to use a different address to communicate with you.

What if you change your address to an address in a different country?

If you change your address to an address in a different country, we may:

- change, restrict or stop a feature or service we provide you with in connection with your mortgage; or
- require you to repay the money you owe us immediately, but only if there is no realistic alternative for us as a prudent and responsible lender.

This is because of rules, regulations and laws that may exist in the country of your new address. We'll only take such action if it is reasonable and proportionate to do so.

We'll try to tell you in advance if we need to change, restrict or stop a feature or service. We may need to stop it immediately if we are or may be breaking any rules, regulations or laws by continuing to offer the feature or service in the country of your new address.

If you change your address back to an address in England, Wales or Scotland, we'll remove any such changes or restrictions.

When are we not responsible?

If there's a problem with your mortgage or the services we provide to you, we'll try to fix it if we can.

There are some things we won't be responsible for, even if they do go wrong. For example, we won't be responsible if:

- we can't carry out any of our responsibilities under your mortgage for legal or regulatory reasons
- something happens that is outside our control and we couldn't have avoided it, despite our best efforts
- you have acted dishonestly, for example you have committed fraud, or
- you are claiming any indirect or consequential losses you suffer, like loss of profit, opportunity, business or loss or damage of goodwill.

Nothing in your mortgage will stop us being responsible to you if:

- we have acted fraudulently or with gross negligence, or
- the law stops us excluding our responsibilities to you for any other reason.

Which country's courts and laws apply?

If the property is in England and Wales, English and Welsh law will decide any legal questions about the mortgage with you, including any questions relating to these terms, and about our dealings with you. The courts of England and Wales will also be able to deal with any legal questions connected with our agreement with you. If the property is in Scotland, Scots law will decide any legal questions about our mortgage with you, including any questions relating to these terms, and about our dealings with you. The courts of Scotland will also be able to deal with any legal questions connected with our agreement with you.

What language will we use?

We'll always contact you in English and your mortgage is in English.



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**For more information or details of our interest rates
talk to us on 0800 834 312 or visit furnessbs.co.uk**

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