



Flexible Lifetime Mortgage

Terms and Conditions
Version 1.2



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Thank you for choosing Hodge Lifetime – our aim is to give you security and peace of mind during your retirement. If you have any questions whatsoever, please get in touch with us using the details at the end of this booklet.

Terms and conditions are rarely entertaining, but a mortgage is a long term commitment so please read through them, and keep this document in a safe place for future reference. It sets out the terms and conditions that apply to your loan, and forms part of the contract between you and Hodge Lifetime. These terms and conditions should be read in conjunction with your mortgage offer.

These terms and conditions have been divided into the following sections:

A. Your loan

this section explains how your loan works, and what happens if you wish to repay it.

B. Your circumstances

this section explains what the effect on your lifetime mortgage would be if your personal circumstances change.

C. Your property

your loan is secured against your property, and you aren't required to make any repayments over the life of the loan. In return, this section explains the obligations you must comply with in relation to your property.

D. Breaches and default

this section explains what happens if these terms and conditions are not complied with.

E. Other terms and conditions

this section explains the other general terms and conditions with which you must comply.

Definitions

The following definitions have been used in this document:

You, Your means the borrower(s) set out in the Agreement. In the case of joint borrowers, both are included in this definition. In the event of Your death, Your executors or personal representatives must continue to fulfil the obligations set out in this Agreement until Your Loan is repaid.

Us, We, Our, Ourselves means Julian Hodge Bank Limited, trading as Hodge Lifetime.

Your Loan, Loan – means all monies owed by You to Us at any time under the terms of the Agreement, which includes the initial cash sum we lent You, any withdrawals you may make in the future by using Your Cash Withdrawal Option, all interest that We have charged, and any additional fees, costs or charges added to Your Loan under these Terms and Conditions.

Your Cash Withdrawal Option means the amount that You may be entitled to borrow in future under the terms of this mortgage. The amount of the Cash Withdrawal Option is set out in the Flexible Lifetime Mortgage Offer.

Your Property means the residential dwelling forming the security against Your Loan as set out in the Agreement.

Agreement means the contract formed between You and Us. The following documents comprise the Agreement:

- Your Flexible Lifetime Mortgage Offer which You have signed as acceptance of the Loan
- For property in England or Wales, the Legal Charge over Your Property that forms the security for the Loan
- For property in Scotland, the Standard Security over Your Property that forms the security for the Loan
- These Terms and Conditions
- The Schedule of Charges.

Explanatory Text

Where appropriate, we have included explanatory text, examples, summaries or illustrations. These paragraphs are shown in italics, and are for information only. They do not form part of these Terms and Conditions.

Section A – Your Loan

1. Cash Withdrawal Option

The cash withdrawal option represents an amount that you may be able to borrow, at any time in the future, without needing any additional financial advice, and without incurring any costs.

The cash withdrawal option is not a guaranteed loan and we can decline to allow its withdrawal.

- 1.1. When You take out Your Loan, We will inform You of the amount of Your Cash Withdrawal Option. You can apply directly to Us at any time to withdraw amounts using Your Cash Withdrawal Option.
- 1.2. If You wish to withdraw additional amounts by using Your Cash Withdrawal Option, You must submit a request in writing. Upon receipt, We will consider your application and determine whether We can advance the additional monies to you.

We will provide you with a standard form in order to request further amounts.
- 1.3. If We agree to advance the money to You, We will send the money to You, and at the same time issue information showing:
 - the interest rate applying to this advance; (see clause 2.3)
 - the effect on your mortgage of borrowing more money;
 - the increase in the amount You are able to repay under the terms of the Flexible Repayment Option; (see clause 6.2)
 - the 25 year swap rate applying to the withdrawal. (see clause 6.5).
- 1.4. We will allow You 21 days to consider this information. If You no longer wish to proceed with the withdrawal transaction, You are entitled to return the withdrawn monies to Us in full within the 21 day period. We will not charge interest on sums returned within this time period.
- 1.5. The minimum amount You may withdraw in a single transaction by using Your Cash Withdrawal Option is £1,000. The maximum amount You may withdraw is the remaining balance of Your Cash Withdrawal Option.
- 1.6. The Cash Withdrawal Option is not a guaranteed loan and We can decline to allow its withdrawal at any time. We will always decline its withdrawal if You are in breach of these terms and conditions
- 1.7. If We decline to allow withdrawals from Your Cash Withdrawal Option other than where you are in breach of these terms and conditions (see clause 1.6) and You decide to repay Your Loan in full, We will not charge You any early repayment charges that could otherwise apply. We will also waive the repayment administration fee in these circumstances.

2. Interest

- 2.1. We will start charging interest from the date We advance monies to You, and interest will be charged up to the day on which the Loan is repaid.
- 2.2. The interest rate applying to the initial cash sum We lend You is set out in Your Flexible Lifetime Mortgage Offer.
- 2.3. If You withdraw further sums in future using Your Cash Withdrawal Option, the interest rate applying to that withdrawal shall be Our prevailing Flexible Lifetime Mortgage interest rate on the date monies are released to You. We will confirm this interest rate to You (see clause 1.3). *We will publish our prevailing interest rate on our website.*
- 2.4. Interest is calculated daily on the basis that each year has 365 days (even if it is a leap year). Interest is compounded and added to the Loan on a monthly basis on the last day of each calendar month.

This means that we start charging interest on the compounded interest from the start of the next month.

3. Additional borrowing

If You have withdrawn all of your available funds under the cash withdrawal option, You may apply for additional borrowing at any time, but your eligibility is not guaranteed and will depend on your property value, the outstanding loan balance, your age, the condition of your property and our prevailing terms and conditions at the time you apply. A minimum borrowing amount will apply to each additional borrowing transaction. You will need to obtain further financial advice in order to take out additional borrowing, and information about the fees you could incur is set out in our schedule of charges.

- 3.1. The maximum amount of money We will lend You is £500,000. This includes all advances made under Your Loan, and any further borrowing You may consider in the future.

For example, if you have borrowed £300,000, your entitlement to additional borrowing will be capped at £200,000. Similarly, if your initial loan is £500,000, you will not be entitled to any additional borrowing.

4. Offer conditions

- 4.1. Your Flexible Lifetime Mortgage Offer may include specific conditions or actions (including deadlines) that must be satisfied. In certain cases, We may hold monies back pending completion of any work required on Your Property under an offer condition. These monies are called a retention.
- 4.2. You remain solely responsible for ensuring that any offer conditions are complied with. If You fail to comply with any of the offer conditions, We will treat this as a breach of these Terms and Conditions, and deal with it in accordance with section D.
- 4.3. If You want Us to release any retention monies, You must send Us appropriate confirmation that the repair work or other matters subject to a retention have been completed.

As an example, we would expect to see an invoice from a reputable contractor confirming the work carried out.

- 4.4. Once We are satisfied that the work has been completed or the condition has been satisfied, We will release the retention and advance the monies to You. These monies will be added to Your Loan and will start accruing interest from the date they are released to You.

We normally pay any retention amounts by cheque, and therefore the monies released will not be available to you until the cheque has cleared.

- 4.5. We reserve the right to inspect any work undertaken on Your Property to satisfy an offer condition Ourselves (including the use of an agent acting on Our behalf) before We agree to release the retention and advance monies to You.
- 4.6. You will not be able to exercise Your Cash Withdrawal Option if any offer conditions are overdue.

5. Term of the Agreement and Loan repayment

Your loan is not a repayment mortgage, and you are not required or expected to make any repayments prior to your death or your move into long-term care. However, we will allow you to make some repayments subject to the terms set out below.

- 5.1. Your Loan will only become due for repayment:
- 5.1.1. When You die, or for joint borrowers, on the death of the last borrower to vacate the property; or, **if earlier**
- 5.1.2. When You have moved into long-term care on the grounds of medical or other specialist advice (see 5.2 below) because You are no longer able to live in Your own home, or for joint borrowers, on the entry into long term care of the last borrower to vacate Your Property; or, **if earlier**
- 5.1.3. When there is a breach of these Terms and Conditions and repayment may be required by Us in accordance with Section D of these Terms and Conditions.

- 5.2. We reserve the right to require written confirmation from Your doctor, a social worker or the person or persons responsible for Your care at any residential care home, that You require long-term care because it is no longer possible for You to live in Your own home. By entering into this Agreement, You consent to the release of such information to Us and You will make reasonable arrangements to assist with the release of that written confirmation.

For example, you agree to sign any consent which allows your doctor or care professional to release sensitive personal information to us about your state of health and your ability to look after yourself in your property.

- 5.3. Once Your Loan becomes due for repayment, We will allow a period of 1 year for Your Property to be sold and for Us to be repaid from the proceeds. If We are not repaid within 1 year, We will classify this as a breach of these terms and conditions and deal with it in accordance with section D.
- 5.4. You are entitled to repay Your Loan, in full or in part, at any time, but if it is not due for repayment You could be liable to incur early repayment charges as set out in section 6.
- 5.5. The minimum repayment amount that We will accept in a single transaction is £500.
- 5.6. The maximum partial repayment that We will accept will be the amount that leaves a minimum balance on Your Loan at the date of the partial repayment of £10,000.
- 5.7. When We receive a partial repayment, We will allocate the amount on a pro-rata basis to the current balance of Your initial cash sum and any withdrawals made under Your Cash Withdrawal Option. Next, we will calculate any relevant early repayment charges that apply to the initial cash sum and any withdrawals, and deduct these from the amount paid. We will then reduce Your Loan balance by the remaining amount. Each allocation will reduce both the capital outstanding and accrued interest by the same proportion.

When you take out your loan, the capital outstanding will be the initial loan amount. In later years, for every 1% of the loan balance you repay (after taking into account any early repayment charges) this repayment will comprise a repayment of 1% of the capital amount, and 1% of the interest that has been added.

- 5.8. If We have incurred any costs as a result of You breaching these Terms and Conditions (see section D), We will always allocate the repayment against these amounts first.
- 5.9. If You make a part repayment of Your Loan, including part repayments made under the Flexible Repayment Option (see clause 6.2) We will not increase or reinstate Your Cash Withdrawal Option to reflect the amounts repaid.

6. Early repayment charges

Your lifetime mortgage has been designed to last for the rest of your life (or until you move into long-term care). However, you may repay all or part of your loan at any time but early repayment charges may apply depending on the circumstances of the repayment.

Repayments which do not attract early repayment charges

- 6.1. You will not incur any early repayment charges if You repay all or part of Your Loan due to the following reasons:
- 6.1.1. Full repayment of Your Loan is made in accordance with clause 5.1.1 or 5.1.2; (*death or move into long-term care*)
 - 6.1.2. Part repayment resulting from a change in Your circumstances in accordance with clause 8.3 or 10.1; (*marriage/re-marriage or moving home*)
 - 6.1.3. Full or part repayment if the youngest borrower is aged 90 or more on the date of repayment of Your Loan;
 - 6.1.4. Part repayments made in accordance with the terms of the Flexible Repayment Option (see below).
 - 6.1.5. Full repayment if we decline to allow withdrawals from your Cash Withdrawal Option in accordance with clause 1.7.

Flexible Repayment Option

- 6.2. From the date We advanced the Loan monies to You, You will be able to exercise the Flexible Repayment Option. The terms of this option are as follows:
- 6.2.1. You are allowed to repay up to 10% of the initial Loan amount in each year. Each year will commence on the anniversary date of when We advanced the Loan monies to You.
 - 6.2.2. If You withdraw additional amounts by using Your Cash Withdrawal Option, We will increase the amount You are entitled to repay in each year by 10% of the amount withdrawn. We will confirm the new Flexible Repayment Option amount when we send You confirmation of Your withdrawal (see clause 1.3).
 - 6.2.3. You can only make 4 repayments each year. You cannot carry over any unused capacity to future years.
 - 6.2.4. If in any year You repay more than 10% of the initial Loan amount plus any additions to Your Loan as set out in clause 6.2.2, or make more than 4 repayments, early repayment charges will be applied to the **whole amount** repaid in that year.

Repayments attracting early repayment charges

- 6.3. Early repayment charges are made up of one or both of:

- 6.3.1. An Early Release Fee
- 6.3.2. A Variable Repayment Charge

Early Release Fee

- 6.4. An Early Release Fee will apply to all repayments of the initial cash sum not covered by clause 6.1 (whether repaid in whole or in part) during the first five years of Your Loan as follows:

- Year 1 – 5% of the capital repaid
- Year 2 – 4%
- Year 3 – 3%
- Year 4 – 2%
- Year 5 – 1%

The Early Release Fee is calculated to recover the costs we incurred in setting up your loan.

Variable Repayment Charge

- 6.5. A Variable Repayment Charge will apply to all repayments of Your Loan, being the initial cash sum and any subsequent withdrawals made using Your Cash Withdrawal Option (whether repaid in whole or in part) with the exception of:

- 6.5.1. Repayments covered by clause 6.1;
- 6.5.2. Full repayment if You sell Your Property and vacate it on a permanent basis.

We put in place fixed rate funding to match the duration of your fixed rate loan. This charge, calculated using the formula set out in clause 6.6, is calculated to reflect the cost of the mis-match that arises if you repay your loan earlier than we expected, and is a factor of the estimated remaining term on your loan, and any fall in the 25 year swap rate.

The 25 year swap rate is the basis on which our long term funding cost is determined. These rates can be obtained from our website at www.hodgelifetime.co.uk/equity_release_swap_rates.asp

- 6.6. We calculate the Variable Repayment Charge as follows:

- 90 minus age of the youngest borrower at the date of repayment; multiplied by
- The fall in the 25 year swap rate from that applicable on the date We advanced monies to You up to the swap rate applicable on the date of repayment of the Loan; multiplied by
- The balance repaid.

For example, if a loan balance of £50,000 was repaid when the youngest borrower was 75 and the 25 year swap rate had fallen by 0.5% over the time the loan was outstanding since completion, the Variable Repayment Charge would be: $(90-75) \times (0.5\%) \times £50,000 = £3,750$

- 6.7. We will calculate the Variable Repayment Charge separately for the initial cash sum and any subsequent withdrawals made using Your Cash Withdrawal Option. A different 25 year swap rate may apply to each withdrawal You make, depending on prevailing interest rates at the time of each withdrawal.
- 6.8. We will guarantee the amount of the Variable Repayment Charge for two weeks from the calculation date. If the 25 year swap rate increases or stays the same over the period that Your Loan is outstanding, the result of the Variable Repayment Charge calculation will be zero.
- 6.9. The 25 year swap rate shall be set on a monthly basis, on the first working day of each month. We reserve the right to nominate an alternative reference for determining the long term interest rate should the 25 year swap rate cease to be published, or the basis of its formulation changes.

Please ask us at any time to confirm the swap rates that apply to your loan.

Maximum Early Repayment Charge

- 6.10. We guarantee that, in aggregate, the fees due under clauses 6.4 and 6.5 shall never exceed 25% of the capital repaid.

7. No negative equity guarantee

- 7.1. Your Loan benefits from a no negative equity guarantee, meaning that if the value of Your Property when sold is insufficient to repay Your Loan in full, You or Your estate will not be liable for the difference.
- 7.2. In order to benefit from this guarantee, You must comply with the following criteria:
- 7.2.1. You must notify Us not less than 14 days prior to the expected date of exchange of contracts on the sale of Your Property that the agreed sale price is expected to be less than Your outstanding Loan balance;
- 7.2.2. You must have kept Your Property in a good state of repair (see clause 16);
- 7.2.3. Your Property must have been sold on the open market in an arms length transaction, at a fair market price.
- 7.3. If We expect to incur a loss under the no negative equity guarantee, We reserve the right to obtain an independent valuation of Your Property to ascertain its market value.
- 7.4. The no negative equity guarantee does not apply if You repay Your Loan (in full or in part) without selling your property before it becomes due for repayment, in respect of any costs that We have incurred as a result of You breaching these terms and conditions (see section D), or if You have failed to comply with clause 7.2.

Section B - Your Circumstances

Your loan, and your entitlement to it was based on your circumstances at the time of application. Changes in your circumstances may affect your loan.

Please inform us of any changes. Please make suitable arrangements for your estate to inform us of relevant changes in the event of your death.

8. Your personal circumstances

- 8.1. In the case of joint borrowers, You must inform Us when the first borrower dies in order for Us to update Our records.
- 8.2. If You become divorced, You must inform Us in order that the Loan is transferred into the name of the borrower who will continue to own Your Property.
- 8.3. If You want to add someone else to Your Loan in future (for example if You marry or re-marry), You will be able to do this provided that the other person is eligible. If the other person is younger than You, the value of Your Cash Withdrawal Option may be reduced, and we may require You to repay part of Your Loan. We will not charge any early repayment charges if this is the case. Until the terms of Your Loan are amended, the other person will not have a right of occupation of Your Property in the event of Your death.
- 8.4. If You want someone else to reside in Your Property, but You do not want to add them to Your Loan, You must first obtain Our consent before they do so. This includes any persons who may reside in Your Property from time to time on a continuous or frequent basis (and including where they do so without paying any amount to you), including family members, Your children or other relatives and anyone else who would be eligible to use Your Property for the purposes of their name being recorded on the electoral roll. They will be required to sign an agreement prepared by Us to move out should You cease to be resident in Your Property.
- 8.5. You will be responsible for any costs involved in amending the terms of Your Loan to reflect a change in Your circumstances.

9. Selling or buying property

- 9.1. Your Property forms the security against Your Loan. You must not sell or otherwise dispose of, give away or transfer title to any part of Your Property without Our prior written consent. We may, in the exercise of Our sole discretion, refuse to give consent to such a sale or disposal if We reasonably consider that it would result in a reduction of the value of Our security such that We could no longer expect to recover the amount of the outstanding Loan balance. If We consent to the sale of any part of Your Property, You may be required by Us to repay some or all of Your Loan.
- 9.2. If You intend to buy additional land or property (whether adjoining or separate to Your Property), You must inform Us in advance and where it adjoins Your Property We may require that any such additional land or property You buy is included on Your mortgage.

For example, you should inform us if you buy additional land adjoining your property, or if by buying additional property it means you no longer reside in your property (see clause 15).

- 9.3. If Your Property is leasehold, and You buy the landlord's interest or a share of that interest, You must inform Us. We may require that this additional interest is included on Your mortgage.
- 9.4. If Your Property is leasehold, and You acquire a share in the management company that manages Your Property, You will agree to Us taking a charge over those shares, and You will consent to Us transferring that share to a new owner if We are ever required to sell Your Property.

10. Moving house

- 10.1. Your Loan is portable and We will consent to the transfer of Your Loan to a new property if the following conditions are met:
 - 10.1.1. The new property must meet Our lending conditions applying at the time of Your move and be a suitable security for Your Loan;
 - 10.1.2. If the new property is of a lower value, You have made any repayments required in order to keep the balance within Our eligibility criteria. Early repayment charges do not apply in respect of any amount repayable;
 - 10.1.3. The value of Your Cash Withdrawal Option may be reduced;
 - 10.1.4. You will be liable for all costs incurred in moving home, including Our solicitor's fees, even if the move falls through.
- 10.2. If You wish to move home, but do not wish to transfer Your Loan to the property You purchase, You are required to repay the Loan in full and if You meet the terms set out in clause 6.5.2, You will not incur the Variable Repayment Charge in these circumstances.

11. Renting or letting Your Property

- 11.1. You are not entitled to rent or let Your Property without Our prior written consent.
- 11.2. We will only give Our consent to renting or letting Your Property if it does not affect Our rights and risks under this Loan.

12. Borrowing from other sources

- 12.1. You must obtain Our consent before taking out another mortgage or loan from a different lender secured on Your Property.
- 12.2. If another charge is placed against Your Property, even if it is without Your knowledge or consent, You will not be entitled to any additional borrowing.

13. Court orders

- 13.1. If a court order is made against You and We believe it will affect Our security or Our rights under the mortgage, or it will affect the value of Your Property, then the Loan will become immediately repayable and it will constitute a breach of these Terms and Conditions.

14. False or misleading information

- 14.1. If We find out that some of the information on which Your Loan was based was false or misleading then We will require You to repay Your Loan in full.

Section C - Your Property

15. Residence

- 15.1. Your Property must be Your main residence and must continue to be Your main residence for the duration of Your Loan. You must inform Us immediately if You move out of the Property as this is likely to affect Your eligibility for Your Loan.
- 15.2. You must not leave Your Property unoccupied for more than six consecutive months.
- 15.3. You must not carry out any business, trade or enterprise from Your Property without Our prior written consent.

16. Property maintenance, repair or alteration

- 16.1. You must maintain Your Property in a good state of repair. We reserve the right to inspect Your Property at any time (at a mutually convenient date and time) subject to at least one month's written notice of Our intention to inspect, unless it is an emergency.
- 16.2. If Our inspection identifies a material defect that needs repair, We will write to You setting out the repairs required, and a proposed deadline to complete the work. A material defect is one that, in Our opinion, adversely affects the value of Your Property, and is not simply a cosmetic or superficial matter.
- 16.3. If You fail to agree to undertake the work within an agreed deadline, or fail to complete the repair work, this will constitute a breach of these Terms and Conditions (see section D). We reserve the right, at Our discretion, to arrange for the work to be carried out. We will obtain three quotes for the work, and select the most appropriate based on price, reputation and experience. You will remain liable for the reasonable costs of doing this work.
- 16.4. You must not undertake any significant alterations to Your Property that are of a structural nature, or materially affect the nature and use of Your Property without Our prior written consent.

For example, you must not do any of the following without our consent:

- Construct an extension, convert a garage or loft or otherwise increase or reduce the number of bedrooms;
- Remove any internal walls or install cavity wall insulation;
- Materially change the use of rooms (e.g. by installing a shopfront or office area).

- 16.5. Before we give Our consent, We will need to be satisfied that all planning issues, and obligations contained in Your title deeds, have been complied with. You will be responsible for the costs of preparing reports, plans or opinions that are required before We give Our consent.

17. Compulsory purchase

- 17.1. If Your Property becomes the subject of a compulsory purchase order then Your Loan will become immediately repayable.

18. Insuring Your Property

- 18.1. You must at all times keep Your Property insured for a buildings sum insured of not less than the amount specified in the valuation report prepared on Your Property at the time Your Loan was taken out. Our interest must be noted on Your policy. This building sum insured must increase each year thereafter in line with inflation.
- 18.2. You must not do anything that may result in Your buildings insurance becoming invalid.
- 18.3. If You make a claim on Your insurance policy, You must use the monies to repair or replace any damaged parts of Your Property, and ensure it is in a good state of repair.
- 18.4. If We become aware that Your buildings insurance has lapsed or has been cancelled, We will request confirmation that You have made alternative insurance arrangements. If You fail to satisfy Us that Your Property is adequately insured, We reserve the right, at Our discretion, to insure Your Property Ourselves. You will remain liable for the costs We incur in insuring Your Property on Your behalf.

19. Property ownership costs

- 19.1. You must pay all costs and outgoings arising on Your Property throughout the term of Your Loan, and You must pay these punctually.
- 19.2. If as a result of Your failure to pay such costs and outgoings Our security is at risk, We reserve the right to pay such liabilities to protect Our security, but You will remain liable for these costs.

Section D - Breaches And Default

20. Failure to comply with these Terms and Conditions

- 20.1. If You fail to comply with these Terms and Conditions, We will treat this as a breach.
- 20.2. Once a breach has been identified by Us, Our first course of action will be to allow You the chance to remedy the breach. We will discuss with You how to go about this, and how much time You will be allowed. The time allowed will typically be three months from the date the breach is identified, unless there is a risk of damage occurring to the Property by a failure to remedy the breach in a shorter timeframe. We may have regard to professional advice, obtained by Us and at Your expense where We reasonably consider that the breach may need to be remedied in less than three months to prevent any damage to the Property.

We will consider any breaches in light of your individual circumstances and we will always aim to be fair in our dealings with you. The severity of a breach will be assessed based on the impact it has on the value of your property, and therefore the ability for your loan to be repaid in full.

To remedy a breach, it is likely that you will have to either:

- *Stop doing something that was not allowed under the terms and conditions (for example to stop using your property for business purposes);*
 - *Do something that you were meant to do to comply with the terms and conditions (such as undertaking some repairs on your property to keep it in a good state of repair).*
- 20.3. **You are responsible for the costs of remedying a breach. You should be aware that if You cannot afford to do so, there is a risk that You will be in default of Your obligations under these terms and conditions.** (see section 21)
- 20.4. In order to protect Our interests, We reserve the right to remedy any breaches Ourselves where You fail to remedy a breach within a reasonable timeframe or as agreed with Us, and to pass on the costs of this work to You. If We need to remedy a breach, We may enter Your Property if We need to.
- 20.5. If the breach results from Your failure to comply with any offer conditions (see section 4), and the condition in question was covered by a retention, We will add any costs incurred by Us in remedying the breach to Your Loan. You will no longer be eligible to receive the retention monies.
- 20.6. If We are required to incur other costs to remedy a breach, but these costs are not covered by an existing retention against Your Loan, You must reimburse these costs to Us.

21. Default

- 21.1. If You fail to remedy a breach in accordance with section 20, or You fail to do so within the agreed timescale, You will be deemed to be in default of Your obligations under the terms of Your Loan.
- 21.2. If You are found to be in default of Your obligations under the Loan, the following implications may arise:
- 21.2.1. Your Loan may immediately become due for repayment;
- 21.2.2. You may no longer benefit from the no negative equity guarantee;
- 21.2.3. We may take legal action to repossess and sell Your Property.

You will lose the right to live in your property if it is repossessed.

- 21.3. If Your Property is in England or Wales and We need to take possession and sell Your Property in order to repay Your Loan, We may appoint a receiver to do this, and the receiver shall be granted the relevant power and authority to sell Your Property. The receiver will be regarded as Your agent, and You will be responsible for the receiver's actions and the reasonable costs incurred by the receiver. We, and the receiver (when appointed) reserve the right to sign any documents necessary to sell Your Property.
- 21.4. If Your Property is in Scotland and We need to take possession and sell Your Property in order to repay Your Loan, We reserve the right to sign any documents necessary to sell Your Property.
- 21.5. If there are any personal belongings in Your Property at the time it is repossessed, We may remove these belongings in order to sell Your Property. We may either sell these belongings or store them on Your behalf. If We sell them, We will use these monies to reduce Your Loan balance. If We store them, You will be responsible for the costs of storage.
- 21.6. We may decide to let Your Property instead of selling it but if We do so, it will be for a period of no more than six months and any money we receive will be at market rates at the time and will be used in the following order:
- 21.6.1. Outgoings on Your Property;
- 21.6.2. Repairs and maintenance;
- 21.6.3. Repayment of Your Loan.
- 21.7. When Your Property is sold, We will use all of the proceeds as required to clear Your Loan and any costs We have incurred on Your behalf. Any monies left over will be paid to You.

22. Recovery of costs

22.1. We reserve the right to recover from You all costs that We reasonably incur resulting from You being in breach or default of Your obligations as follows:

22.1.1. The costs of any legal proceedings in connection with the Loan or the Property (whether brought by or against You or anyone else);

22.1.2. The costs of valuing or inspecting Your Property;

22.1.3. The costs We pay to recover any money You owe Us or to create or protect Our security or in using Our rights and powers;

22.1.4. Costs resulting from Your breach of any of these Terms and Conditions including any costs We incur in putting right any of these Terms and Conditions;

22.1.5. Our costs in arranging any insurance on the Property;

22.1.6. Any administration fees We charge for any work We do in connection with the Loan;

22.1.7. All of the amounts above are subject to value added tax, insurance premium tax and any other properly chargeable taxes.

22.2. We will charge You interest, at our prevailing Flexible Lifetime Mortgage interest rate, on all costs We incur under clause 22.1.

Section E - Other Terms And Conditions

23. Governing law

23.1. If Your Property is in England or Wales, this Agreement shall be governed by the laws of England and Wales.

23.2. If Your Property is in Scotland, this Agreement shall be governed by the laws of Scotland.

23.3. If any part of this Agreement is found to be legally unenforceable, this will not affect any other parts of the Agreement and these shall remain in force.

24. Joint and several obligations

24.1. If this Agreement is a joint mortgage, both parties are responsible for all aspects of this mortgage, both on a joint basis, and each borrower individually.

24.2. A person who is not a person named in this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, and except as expressly provided in the Agreement there is no intention for any person who is not a person named in this Agreement to have any rights to enforce its terms.

25. Information supplied by You or Your adviser

25.1. You must ensure that any information given to Us is accurate. We reserve the right to amend the amount or terms of Your Loan if We find out that it has been set up based on incorrect information. This may result in You having to repay some or all of Your Loan.

26. Assignment

26.1. We may transfer Our rights and/or obligations under this Agreement to another party. Your rights and obligations will be unaffected by such a transfer.

27. Security checks

27.1. In Our dealings with You, We reserve the right to ask You for any reasonable supporting documentation in order to confirm Your identity, or that of Your executors or personal representatives, and the accuracy of any transaction.

Complaints

We hope you will be delighted with our service. But, if we fall short and you wish to complain, please write to our Complaints Officer at the address in the 'How to contact us' section. We will send you an acknowledgement together with a copy of our internal complaint handling procedure. If you are not happy with the outcome of our investigation, you can then take the matter up with:

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

Tel: 0800 023 4567

www.financial-ombudsman.org.uk



Get in touch

Freephone: 0800 731 4076

Hodge Lifetime, One Central Square, Cardiff CF10 1FS

www.hodgelifetime.co.uk

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