

**Loan Terms**

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# Loan Terms

These **Loan Terms** apply to and form part of any offer of loan (**Offer**) we make to you which refers to them. The **Loan** is the sum which we agree to lend to you as set out in the Offer.

Reference to the **Mortgage Documents** means the Offer, these Loan Terms, the Mortgage Deed (in Scotland the Standard Security) and the Mortgage Terms (in Scotland the Security Terms).

References to **you** and **your** are to the Customer as detailed in the Offer. If there is more than one of you then “you” means each of you and the obligations to repay the Loan together with any fees and charges and all interest payable by you under these Loan Terms and other obligations under these Loan Terms and related documents apply to each of you individually (as well as jointly). For joint loans you should note in particular that you are each responsible for payment of the whole Loan and not just part of it. This means that if one of you is unable to repay all or part of the money owing, the other can be required to pay up to the full amount owing, even if your relationship has changed or ended.

References to the **Bank, us, we** and **our** are to The Royal Bank of Scotland plc (Company Number SCO83026) and its successors in title and assignees, and where the context so admits, its appointed agent or the appointed agent of any persons so deriving title or any trustee for such agent or other persons. References to the **Property** are to the property to be given as security and include any part of it and all interests in it. The **Mortgage Deed** (in Scotland the **Standard Security**) is the formal legal document which you grant to us to make the Property security for all amounts you owe us now or in the future.

## **1. The Offer**

You will be legally bound by the terms of the Offer as soon as the Mortgage Deed (or in Scotland the Standard Security) has been executed and you have instructed the conveyancer to request release of the Loan funds on your behalf.

## **2. Property Valuation**

- 2.1 We must receive a satisfactory valuation report on the Property before we will release the Loan, unless we have agreed otherwise in writing.
- 2.2 Any valuation or re-inspection of the Property is solely for our purposes and we are not responsible for its accuracy. We strongly recommend that you obtain your own survey report on the Property or (in Scotland) that you ensure you are able to rely on a survey report provided by any seller of the Property or other third party.
- 2.3 You will pay all valuation and re-inspection fees in respect of the Property unless we state otherwise in the Offer.

## **3. Existing Mortgages**

Unless we agree otherwise in writing, you must redeem any existing mortgage(s) secured over the Property before or at the same time as the Loan or any part of it is drawn down.

## **4. Other Borrowing**

If you are using the Loan to purchase the Property, you must provide the balance of the purchase price (in other words the difference between the purchase price and the amount of the Loan) from your own resources without borrowing any of it unless we agree otherwise in writing.

## **5. Changes in Circumstances**

If there are any changes to your personal circumstances or matters arise which could affect our decision to release the Loan, you must tell us without delay (for example if you become unemployed after making the application for the Loan).

## **6. Interest**

- 6.1 We may change our Standard Variable Rate (which is the rate we charge on loans to buy or remortgage a residential property in which you intend to live) at any time (both before and after we release the Loan). Changes may be made by us for one or more of the following reasons:
  - (a) to reflect a change which has occurred, or which we reasonably expect to occur in bank base rates or in interest rates generally in the UK financial services industry;
  - (b) to reflect a change which has occurred, or which we reasonably expect to occur in the cost of funding the Loan;
  - (c) to reflect changes in the law or regulation or any codes or industry guidance which we follow or a decision by a court, ombudsman or regulator; or
  - (d) if the original Loan is given to help you buy a residential property with a view to you living in it and we subsequently consent in writing to your letting the Property, we may charge a fee or increase the rate of interest payable on the Loan to reflect the increased risk to us.

In addition to our right to change our Standard Variable Rate as detailed above, we may vary this to take into account the amount of your Loan in proportion to the value of the Property (Loan to Value Ratio). If the Property has gone up in value, you can arrange a new valuation with us, which may reduce your interest rate. Details of current interest rates are available on request.

We will notify you in writing as soon as reasonably practicable of each change which affects you.

The interest rate may also change in accordance with the terms of the Offer, for example at the end of a fixed rate period.

- 6.2 Changes to our Standard Variable Rate will not be applied to your Loan during any period in which the Offer states that
- (a) the rate of interest is fixed, or
  - (b) the interest rate tracks another rate (such as a base rate), or
  - (c) the interest rate is variable only up to a ceiling rate and/or down to a floor rate, and a change would result in an interest rate higher than the ceiling rate or lower than the floor rate stated in the Offer.
- 6.3 We may charge interest on Buy to Let Loans at a higher rate of interest than our Standard Variable Rate (Buy to Let Variable Rate). We may vary the Buy to Let Variable Rate:
- (a) for one or more of the reasons specified in 6.1 overleaf, or
  - (b) by changing the percentage which is added to our Standard Variable Rate to arrive at the Buy to Let Variable Rate.

Any increase in the percentage mentioned in Condition 6.3 (b) will only be made where this is necessary to ensure that the Buy to Let Variable Rate is set at a level which reflects the increased risk to us.

- 6.4 We will charge interest monthly in arrears from the day on which we release the Loan to you or the conveyancer. Interest will be calculated on the daily balance of the Loan and any interest unpaid will be added to the Loan. We will charge interest on any retention from the Loan from the date on which we release it.

## 7. Monthly Payments

- 7.1 **Monthly Payments** will either be:

- 7.1.1 the amount necessary to repay the Loan with interest and charges by the end of the Term of the mortgage (**capital and interest**).
- 7.1.2 the amount representing one-twelfth (1/12th) of the annual interest due on your Loan (**interest only**).
- 7.1.3 a combination of these (**part capital and interest**).

Your Offer will state which payment method we have agreed with you.

- 7.2 Each Monthly Payment throughout the Loan Term will be for equal amounts, unless varied by us in accordance with the Mortgage Documents.
- 7.3 In the case of interest only or part capital and interest Loans, you must repay the capital outstanding at the end of the term of the mortgage.

- 7.4 You will provide a variable direct debit instruction from your personal bank account to enable us to collect each Monthly Payment. If any payment is refused by your bank then we will reapply. We may charge an administration fee for each unsuccessful application. This could result in you being charged more than once.
- 7.5 We can change the Monthly Payments to reflect changes in the interest rate (see Term 6 overleaf) and to ensure that interest, fees and (for capital and interest or part capital and interest) the Loan, are paid by the end of the term of the mortgage. We can also change the Monthly Payments when you repay part of the Loan.
- 7.6 We will charge and collect Monthly Payments starting one month from the date we release the Loan and on the same day of each month during the Term.
- 7.7 You may ask us to collect Monthly Payments on another day of the month. If you ask us, we will agree to change the date on which we will collect the Monthly Payments, subject to a maximum of one change every 6 months. We may charge a fee for agreeing to do so. However, where we agree to change the date of collection, we will continue to charge and to apply interest on the Loan each month on the original date set for the Monthly Payments. Changing the payment date may therefore affect the total amount of interest charged over the Term. Please contact us if you would like further information on this.
- 7.8 In the case of interest only or part capital and interest Loans you will find (as a result of the manner in which we calculate interest and the date upon which you have requested that we collect your Monthly Payment) that in some months the amount we collect as a Monthly Payment is greater than or less than the amount of interest due in that particular month. When the Monthly Payment for a particular month is greater than or less than the amount of interest due in that particular month, the balance of the Loan will be reduced or increased, as the case may be, to account for the difference between the Monthly Payment and the amount of interest due in that particular month.

The amount of interest calculated thereafter will reflect the adjusted balance of the Loan.

## **8. Agreement to Pay**

- 8.1 You agree to make the Monthly Payments without set off or counterclaim on the date we require or agree with you. If you do not, we will charge interest at the interest rate on the unpaid amount.

## **9. Transfer**

- 9.1 We may, without your consent, transfer, charge or otherwise dispose of any or all of our rights under the Mortgage Documents and any of our related interests to any person or persons whatever. You may not transfer or otherwise dispose of any of your rights or obligations under the Mortgage Documents without obtaining our prior written consent.
- 9.2 You agree that, if we transfer or otherwise dispose of any of our rights to any person, you will be bound to that person in the same manner and to the same extent as you are bound to us under the Mortgage Documents.

- 9.3 By executing a Mortgage Deed, you consent to us disclosing or passing information to any person in connection with any transfer or proposed transfer or any financial arrangement in relation to the Mortgage Documents or any other documents relating to you, the Property, the Mortgage Documents, or the history of the conduct of any account secured by the Mortgage Documents.

## **10. Charges and Expenses**

- 10.1 You will pay our reasonable expenses (including but not limited to re-inspection or valuation fees and legal costs associated with the investigation of the title to the Property and completing our security) in connection with the Offer, whether or not the Loan is completed.
- 10.2 A tariff of our charges will be sent to you with the Offer, and then with your annual statement if there have been any changes during the year.
- 10.3 Any expenses and charges due by you to us are payable on demand. Until paid they will be added to the Loan and bear interest at the interest rate applicable to the Loan and be included in the Monthly Payment, unless otherwise agreed.

## **11. Default**

- 11.1 We may write to you to demand immediate payment of the Loan with interest and charges if:
- 11.1.1 the Loan has been obtained by fraud or by providing us or our agents with false or misleading information;
  - 11.1.2 without our prior written agreement any two Monthly Payments are unpaid at any one time;
  - 11.1.3 you breach any term of these Loan Terms or of any of the Mortgage Documents and fail to rectify the breach within a reasonable period of us asking you to do so;
  - 11.1.4 circumstances arise which adversely affect our rights under the mortgage in a material way, including but not limited to:
    - the Mortgage Deed (or in Scotland the Standard Security) not being registered properly as a first ranking security in our favour and you have failed to help us in rectifying the position in accordance with our reasonable requests;
    - the Property being subject to a compulsory purchase order, and attachment or other diligence;
    - without our written consent you sell or otherwise dispose of any part of the Property or interest in it;
  - 11.1.5 You (or with a joint Loan any of you) are adjudicated bankrupt or become insolvent;
  - 11.1.6 any procedure is used against you (if the Property is in England or Wales) to forfeit or (if the Property is in Scotland) to irritate a lease under which you hold the Property;

- 11.1.7 the Property is destroyed, abandoned or materially damaged and we do not reach agreement with you as to its reinstatement, or if we reasonably believe the Property is likely to suffer imminent material damage; or
- 11.1.8 you, or in the case of a joint Loan, any of you, die.
- 11.2 Where the Loan is a Buy to Let Loan, as defined in Term 12 below, in addition to the foregoing conditions we may write to you and demand immediate payment of the Loan if you breach any of the terms relating to any other Buy to Let loan owing to us or to National Westminster Bank Plc.
- 11.3 If we waive any of our rights it does not mean that we will waive that right in the future.

## **12. Buy to Let Loans**

- 12.1 The following Terms apply where the Loan is to help you buy or remortgage the Property with a view to letting it (a 'Buy to Let Loan'):
- 12.1.1 We consent to lettings of the Property where each tenancy agreement:
- creates an Assured Shorthold Tenancy which is for between 6 and 12 months without any right to extend or option to renew in England and Wales;
  - creates a Private Residential Tenancy under the Private Housing (Tenancies) (Scotland) Act 2016 in Scotland;
  - prohibits any sub-letting,
- and provided you comply with the conditions in this Term 12 and any other requirements which we may reasonably impose.
- 12.1.2 If the Property is leasehold, you will obtain the consent of the landlord and any superior landlord, as necessary.
- 12.1.3 You and any agent you appoint will comply with all legislation which applies to the letting and deal with any tenancy deposit in accordance with an authorised scheme.
- 12.1.4 The Property must not be let as a House in Multiple Occupation. This means that:
- in England and Wales it must not be let to 3 or more tenants forming 2 or more households who share a kitchen, toilet or bathroom;
  - in Scotland, it must not be let to 3 or more tenants who share a kitchen, toilet or bathroom (unless the tenants are members of only one or two families).
- 12.1.5 The Property must be let as a whole and no alterations are made to allow it be let as separate self-contained units.
- 12.1.6 You will seek possession of the Property if we reasonably require you to.

### **13. Financial Arrangements for Repayment of Capital**

- 13.1 Where you have chosen an interest only Loan or a part capital and interest Loan, you must repay the capital outstanding at the end of the Term. The Term is the maximum length of time which we will provide you with the Loan for, as set out in the Offer. It is your responsibility to ensure that you have suitable financial arrangements in place throughout the Term to provide adequate funds to do so. We will not provide advice to you on the suitability of your financial arrangements and we recommend that you obtain independent advice on this.
- 13.2 We may from time to time during the term seek confirmation that you continue to have suitable financial arrangements in place and that these remain adequate to repay the Loan at the end of the Term. If we do not obtain such confirmation, or if at any time we have notice that you are not making payments to maintain suitable financial arrangements, we may convert the payment method for your Loan to capital and interest.
- 13.3 We will not ask you to transfer the benefit of any financial arrangements as additional security for the Loan.
- 13.4 We strongly recommend that you take independent financial advice at regular intervals to ensure that you will have sufficient capital to repay the Loan. We will have no liability to you in any case where your financial arrangements are insufficient to repay the Loan at the end of the Term.

### **14. Governing Law and Changes to these Terms**

- 14.1 If the Property is in England or Wales, English law applies. If the Property is in Scotland, Scots law applies.
- 14.2 We may change these Loan Terms:
- (a) to comply with any changes in applicable law, or with the requirements or recommendations of a regulator or similar body, or to give effect to a decision of a court or an ombudsman; or
  - (b) to reflect any updates made to our computer systems which result in changes to the way in which we administer your mortgage account; or
  - (c) where the change or changes would be to your advantage; or
  - (d) to make the terms and conditions clearer.

We will tell you about any changes by writing to you at the address for correspondence shown in our records and you will be given reasonable notice before the changes take effect. If there have been a significant number of changes in any one calendar year we will send you either a summary of the changes or a copy of the new Loan Terms.

## 15. Your Information

- 15.1 We are a member of The Royal Bank of Scotland Group ('RBS'). For information about other RBS companies, please visit [rbs.com](https://www.rbs.com).
- 15.2 We collect and process various categories of personal and financial information throughout your relationship with us, to allow us to provide our products and services and to run our business. This includes basic personal information such as your name and contact details, and information about your financial circumstances, your accounts and transactions. This section sets out how we may share your information with other RBS companies and third parties.
- 15.3 For more information about how we use your personal information, the types of information we collect and process and the purposes for which we process personal information, please read our full privacy notice (our 'Privacy Notice') provided on our website ([www.rbs.co.uk/privacy](https://www.rbs.co.uk/privacy)).
- 15.4 We may update our Privacy Notice from time to time, by communicating such changes to you and/or publishing the updated Privacy Notice on our website. We would encourage you to visit our website regularly to stay informed of the purposes for which we process your information and your rights to control how we process it.
- 15.5 In respect of any personal information relating to a third party that you provide to us, you must:
- notify the third party that you are providing their personal information to us and obtain their permission;
  - provide the third party with a copy of our Privacy Notice and these Terms;
  - promptly notify the third party of any changes to our Privacy Notice that we notify you of; and
  - ensure that, to the best of your knowledge, the personal information is accurate and up to date, and promptly notify us if you become aware that it is incorrect.
- 15.6 Your information may be shared with and used by other RBS companies. We will only share your information where it is necessary for us to carry out our lawful business activities, or where it is necessary to comply with laws and regulations that apply to us.
- 15.7 We will not share your information with anyone outside RBS except:
- where we have your permission;
  - where required for your product or service;
  - where we are required by law and to law enforcement agencies, judicial bodies, government entities, tax authorities or regulatory bodies around the world;
  - with other banks and third parties where required by law to help recover funds that have entered your account as a result of a misdirected payment by such a third party;

- e) with third parties providing services to us, such as market analysis and benchmarking, correspondent banking, and agents and sub-contractors acting on our behalf, such as the companies which print our account statements;
- f) with other banks to help trace funds where you are a victim of suspected financial crime and you have agreed for us to do so, or where we suspect funds have entered your account as a result of a financial crime;
- g) with debt collection agencies;
- h) with credit reference and fraud prevention agencies;
- i) with third party guarantors or other companies that provide you with benefits or services (such as insurance cover) associated with your product or service;
- j) where required for a sale, reorganisation, transfer or other transaction relating to our business;
- k) in anonymised form as part of statistics or other aggregated data shared with third parties; or
- l) where permitted by law, it is necessary for our legitimate interests or those of a third party, and it is not inconsistent with the purposes listed above.

15.8 If you ask us to, we will share information with any third party that provides you with account information or payment services. If you ask a third party provider to provide you with account information or payment services, you're allowing that third party to access information relating to your account. We're not responsible for any such third party's use of your account information, which will be governed by their agreement with you and any privacy statement they provide to you.

15.9 In the event that any additional authorised users are added to your account, we may share information about the use of the account by any authorised user with all other authorised users.

15.10 RBS will not share your information with third parties for their own marketing purposes without your permission.

15.11 We may transfer your information to organisations in other countries (including to other RBS companies) on the basis that anyone to whom we pass it protects it in the same way we would and in accordance with applicable laws. We will only transfer your information if we are legally obligated to do so, or where the other country has laws that adequately protect your information, or where we have imposed contractual obligations on the recipients that require them to protect your information to the same standard as we are legally required to.



If you would like this information in Braille, large print or audio format please contact us on **03457 24 24 24** (Minicom 0800 404 6160).

The Royal Bank of Scotland plc.  
Registered Office: 36 St. Andrew Square, Edinburgh EH2 2YB.  
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Website [www.rbs.co.uk](http://www.rbs.co.uk)

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