

Your further advance

**A clear and simple guide
to what happens next**

Derbyshire
Building Society

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THINK CAREFULLY ABOUT SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Your Further Advance Offer

What the offer tells you

The Offer says how much we will lend you, and on what terms. It includes information on how much extra you want to borrow, and the conditions on which we will lend it to you.

Conditions applying to your offer

Your Offer is subject to the terms of this guide, and any conditions contained in the Offer including the Special Conditions.

Special Conditions can cover many matters. They may for example deal with works to the property, or special interest rate terms. You should check the Special Conditions to satisfy yourself that you are happy with them.

This Further Advance will be secured by the mortgage we already have over the property and the terms of the mortgage (including the Mortgage Conditions) will also continue to apply.

If there is a difference between the contents of the Offer and this guide the Offer will apply.

How and when we pay the further advance to you

The amount you will receive

The amount you will receive will be the amount of the Further Advance less any deductions we have told you about. If the terms of your mortgage provide for a retention or stage payment the following section will apply.

Retentions and Stage Payments

If you request a retention from the amount we pay to you, we will not be obliged to release any retention if you have not requested it within 12 months of the loan date.

We may make a 'retention' from the amount we pay to you. If we intend to do this we will tell you this in the Special Conditions. The Special Condition will specify the conditions which must be met before we will pay the retention. You must tell us when those conditions have been met and you would like us to release the retention. We will not be obliged to release that retention if it has not been requested by you within 12 months of the day we send out the Further Advance (the loan date).

We may also agree to make a loan in stages. For example if you are building a property or making improvements we may keep back part of your loan while work is being carried out. We may then pay the Further Advance in stages as the work is being done. We will tell you in the Offer the stages and what work must be completed before the payments will be made. We will normally require a valuer to re-inspect the property before a stage payment is made. For more information on reinspections see page 4.

We will only charge interest and calculate the monthly payment on the amount we have lent to you. You will start paying interest on the retention/ stage payment the day after the retention or stage payment is sent out. The monthly payment will increase the following month and the first payment you make after the release of the retention/ stage payment will include an extra amount to cover the interest on it from the day after we pay it to the end of that month.

How you will receive the Further Advance

Unless a solicitor is acting we will normally send you a cheque to the correspondence address as registered in our records, or if you prefer we can pay it into an appropriate Derbyshire Savings Account (if more than one person is on the mortgage then the savings account must be in all the borrowers' names). If a solicitor is acting we will send the Further Advance cheque to them.

When we will send the Further Advance out

We will normally send out the Further Advance when all the conditions which apply to the Offer have been complied with.

There are some things which may delay us sending the Further Advance for example:

- If a solicitor is acting we will also need to have received from them their 'Certificate of Title'.
- We may ask our valuer to revalue or re-inspect the property before releasing the Further Advance. For more information on revaluations and re-inspections please see below.
- If you have any other loans secured on your property we will need to get the agreement of that lender to the Further Advance.

For information on when you will receive stage payments and retentions see page 3.

Our right to withdraw or change the offer

We can withdraw the offer or change its terms but only before the Further Advance is made, in the following circumstances:

- Where any information you've provided or that we've obtained materially changes and such change affects our decision to lend
- Where we become aware or suspect that the information on which we have made the offer is inaccurate, incomplete or misleading
- Following a revaluation of the property
- Following advice from our solicitor, valuer or other professional adviser
- Where it appears that the further advance will be in breach of the law or our regulatory responsibilities
- To change the offer so as to correct an error in it (such as inconsistent or inaccurate particulars of you, the property or the terms of the Further Advance).

We can also withdraw the offer if extreme adverse financial market conditions require us to do so in order to protect the financial strength of our business in the interests of all our customers.

Revaluations and Re-inspections

We may ask a valuer to revalue or reinspect the property before we make the Further Advance (or any part of it) for example if you are doing works to the property which will increase its value. You will be responsible for paying the valuers costs. Details of the valuers costs are contained in the Offer or we will tell you about them before the valuer re-inspects or revalues the property.

Where the property is revalued or re-inspected the release of the Further Advance or part of it does not mean that the property or the work concerned are free from defects.

The re-inspection or revaluation is a limited inspection for valuation purposes only.

No guarantee is given that the works are of the standard specified for them or that there have been no breaches of requirements of any Act of Parliament.

You should satisfy yourselves that the standard of works are satisfactory for your purposes and should obtain appropriate legal advice as to whether all necessary consents and approvals have been obtained. We as lender, and our valuer, are in no way responsible for the structure or condition of the property.

We are not the agent of the valuer or firm of valuers and there is no agreement between you and the valuer or firm of valuers about the mortgage valuation report.

Solicitors

We won't normally need a solicitor (or licensed conveyancer) to act when we make the Further Advance. But we may in some situations. For example if you are using the Further Advance to buy extra land which will also be mortgaged to us.

If we instruct a solicitor to act for us we will tell you this in the Offer. You will have to pay all their costs whether or not the Further Advance is made and whether these charges arise before or after the Offer, or the day we send out the Further Advance.

How you repay your Further Advance depends on whether you have borrowed it on an 'Interest Only' or 'Repayment' basis. We will tell you in the Offer the basis on which you have borrowed the money.

You may choose to borrow part of your Further Advance on an Interest Only basis and part on a Repayment basis. If you have chosen to do this your Offer will tell you how much is borrowed on what basis.

Repaying Your Mortgage

Interest Only Mortgages

Where the Further Advance is fully or partly an interest only mortgage your monthly payments for that part of the loan only cover the amount of interest payable each month.

At the end of the repayment term, you must repay any money you borrowed on an interest only basis plus:

- Any costs and insurance payments which have been added to your mortgage and not paid by you
- Any interest which has not been paid by you during the repayment term, for example because you did not pay all or part of a monthly payment.

It is vital that you have arrangements to repay the interest only loan at the end of the repayment term eg from an endowment policy, ISA or another form of investment, etc. Your

premium or similar payments must be made direct to the insurance company, investment provider etc. They are not included in the monthly amount you pay to us and we will not know if you do not make these payments as the provider will not tell us.

It is your responsibility to ensure that you are able to repay an interest only loan at the end of the repayment term. We will not know if any endowment policy or other financial plan you intend to use lapses.

If you have not made arrangements to repay your mortgage at the end of the repayment term you will still owe it to us. You will then have to repay it from your own resources and potentially could have to sell your property.

At any time during the life of your interest only mortgage you can convert it to a repayment mortgage.

The mortgage also gives us the right, but not the obligation, to convert your interest only mortgage to a repayment mortgage where we think it reasonable to do so. If we decide to convert your interest only mortgage to a repayment mortgage we will give you at least 30 days notice of our intention to do this.

If you or we convert your mortgage from an interest only mortgage to a repayment mortgage a fee will be payable. The amount of this fee varies, but the amount of the current fee is included in the Tariff of Fees and Charges sent with the Offer.

Repayment Mortgages

Where the Further Advance is fully or partly a repayment mortgage you pay the amount you borrow on a repayment basis over the term during which you have agreed to repay it. Your monthly payments include the amount of interest payable each month and an amount which is used to reduce the amount you originally borrowed.

If you apply for another Further Advance in the future and we agree to make an Offer, we will require you to borrow sufficient to repay this Further Advance in addition to additional money you wish to borrow.

Monthly Payments

Your monthly payments will increase after we make the Further Advance to include the extra amount you need to pay each month for the Further Advance. Because this Further Advance will be made under a separate account number you will need to complete a separate Direct Debit form for the extra payments for the Further Advance.

The approximate amount extra you need to pay each month for the Further Advance is shown in the Offer but this may vary for example if the interest rate changes. We will write to you shortly after we make the loan to tell you the exact amount of your new monthly payment.

The first monthly payment after we make the Further Advance

We will charge you interest on the Further Advance from the day after we pay it. This means that the following monthly payment will be slightly higher than normal. This is because as well as your normal monthly payment it will include an extra amount to cover the interest on the Further Advance from the day after we pay it to the end of that month.

We will tell you how much this will be in the letter we send you shortly after we make the Further Advance.

Insurance premiums

The monthly payments do not include:

- The cost of any insurance which you pay separately and direct to the insurer whether you have arranged that insurance through us, through someone else or directly with the insurer.
- Any endowment policy premiums or other life policy premiums for any policy or payments under any other financial plan. You must make these payments direct to the company concerned.

However if you originally purchased your Buildings and Contents Insurance and/or mortgage payment protection insurance through us before February 2007 you may pay your premiums as part of your mortgage payments. If this is the case and you have changed the terms of this insurance your monthly payments may also increase to reflect any increase in premiums. If you don't pay these insurance premiums in the month they become payable you will be charged interest on the amount unpaid.

Loans into Retirement

If you have a mortgage which will continue beyond your retirement date, it is important that you ensure that you will be able to continue to meet your regular payments when you retire.

The Rate of Interest you pay

Details of the rate of interest you will pay on the amount of the Further Advance and how it will change during the repayment term are set out in the Offer.

Unless we tell you differently in the Offer the rate of interest and how often we calculate interest may vary both before we make the Further Advance and afterwards.

We are restricted in how we may vary the rate of interest and how we may vary the way in which we calculate interest. Those restrictions are contained in the Offer and the Mortgage Conditions.

If our original Offer of Mortgage was before 1 June 2006 then we are also restricted by the terms of an undertaking.

If you would like us to send you a copy of this undertaking please let us know.

Where the rate of interest does vary we will always try and write to you to tell you the new rate of interest and monthly payment before they apply.

How we calculate interest

At the start of the mortgage, when we make a Further Advance or release a retention/stage payment we calculate interest on the amount we lend from the day after we send the money up to the end of that month.

We then calculate interest monthly on the balance outstanding at the end of the preceding month and adjust the interest charged every time a payment of capital is made.

This way each time you make a capital payment (including any capital portion of your normal monthly payments) you get the benefit of a reduced mortgage balance straight away through a reduction in the interest charged. With this calculation method, if your monthly payments are outstanding at the end of the month, additional interest will be charged.

Your Mortgage Account

The following information will help you understand how we administer your mortgage account, and explains some of our accounting policies and procedures.

If you have any questions or would like more information about how your mortgage account operates, please ask us.

Separate Account Numbers

Your Further Advance will be set up with a separate account number to your main mortgage and any Further Advances you already have. Please quote both account numbers on all correspondence and during telephone conversations.

Applying for Further Advances in the future

If you apply for another Further Advance in the future and we agree to make an Offer we will require you to borrow sufficient money to repay this Further Advance in addition to additional money you wish to borrow.

Joint Borrowers

If we make a loan to you jointly each one of you will be fully responsible for the obligations under the mortgage including making the mortgage payments.

Mortgage Fees and Charges

Enclosed with the Offer and this Guide is our current Mortgage Fees and Charges Tariff. This lists the situations when we may make a charge and the current amount of that charge. It doesn't include charges specific to new mortgages or Further Advances.

These charges will be added to the mortgage account so it is important you pay them as soon as possible. If you do not then you will pay interest on them.

We may change the amount of the charges in the Tariff and introduce new ones. If we do we will tell you we have done this, normally when we send you your annual mortgage statement.

Our ability to change charges is restricted by the Mortgage Conditions and the undertaking referred to on page 7.

Paying more, or less, than the amount due

You should pay the full amount needed to cover the monthly amount due and other charges. The following notes tell you what we normally do unless you have asked us and we have agreed, to treat underpayments and overpayments differently.

Because this Further Advance will be administered by us separately under a different mortgage account number to your main mortgage and we will receive a separate payment from you for the Further Advance these notes explain what happens when you pay more or less than you need to for the Further Advance. Similar arrangements apply if you pay more or less than you need to on your main mortgage account.

If you have any questions please ask us.

If you don't pay enough

At the end of the month, we will compare the total amount you should have paid, with all the payments you actually made during the period. If those payments are not enough then we will use the money received to pay any insurance premiums you pay to us as part of your mortgage payments and other charges. Then for:

- **Further Advance with one part** we will generally apply the payments that we have received in the following order:
 - To cover interest, then
 - Any capital portion of your normal monthly payment
- **Further Advance with more than one part** any payments received will be allocated to parts in the order which parts were lent. Within each part interest will be covered first and then any capital portion of your normal monthly payment. If the monthly amount due on a part is paid in full then any money left over will be allocated to the part which has been lent to you next. So it will be the latter part(s), which will suffer most from underpayments.

If you pay more than you need to

Although you will be charged less interest, we will not normally recalculate your monthly payment when you make an overpayment. If you make a one off payment of £500 or more in addition to the normal monthly payment (and inform us that this should be treated as a capital repayment), we will give you a new monthly payment automatically unless you specifically ask us not to.

If you repay your Further Advance in full or pay more than your normal monthly payment there may be an Early Repayment Charge to pay. See page 9 for more information on Early Repayment Charges.

If you pay more than you need and have more than one part to your Further Advance, the overpayments will normally be used to repay the balance outstanding on the part of the loan we lent to you last.

If at any time you have paid more than you

need to and later pay less than you need to, the overpayments accrued may be used to make up the difference between what you should have paid and what you actually paid in that month. This will mean that the balance shown to be outstanding on your Further Advance increases.

Annual statement

In April each year we send you a statement of your mortgage account. This shows:

- i the balance (i.e. the amount you owe us) at the start of the year (1 April to 31 March),
- ii any items added to your account (including Further Advances, and other charges),
- iii the interest we charge and where applicable the date on which interest rates changed during the year, the date and amount of payments you have made during the year and the amount of each payment that was made during the year,
- iv any amounts charged during the year,
- v the balance at the end of the year,
- vi an up to date redemption figure
- vii details of any Early Repayment Charge that applies

You should check these details and speak to us as soon as possible if you have any queries.

You will receive two separate mortgage statements one for your original mortgage and any existing Further Advances and a separate one for this Further Advance.

Redemption (repaying your mortgage)

If you repay your mortgage in full at any time, we will generally charge interest to the date when we receive the repayment. On redemption (full repayment) of your mortgage, a fee will be payable; you may also have to pay an Early Repayment Charge. We will remind you of any amounts payable on redemption in your mortgage offer and your annual mortgage statement.

Because this Further Advance is administered separately it is important that you repay this Further Advance as well as your main mortgage

account otherwise we will not release our mortgage over your property. We will send you two separate redemption statements one for each account telling you how much to repay.

Early Repayment Charges

If you repay your mortgage in part (other than by your normal monthly payments) or in full you may have to pay an Early Repayment Charge.

The Early Repayment Charge is normally a percentage of the amount repaid and will reflect the benefit you receive and/or the costs we incur in arranging these loans. The amount of, and the period during which you have to make, this Early Repayment Charge will depend on the particular terms of your mortgage. Please ask us if an Early Repayment Charge is payable. Alternatively you can check your Offer or if applicable the Agreement Form varying the terms of your mortgage.

What happens if your account goes into arrears

We will do everything we can to help if problems arise which mean you have difficulty in making your monthly payments. However, there are times when the problem becomes so serious that we must take steps to protect our interests.

The Mortgage Conditions set out our rights if you don't make your mortgage payments. These include, if the arrears become serious, the right to apply for a Court Order for possession of your property, and then sell it to pay off the mortgage.

If you run into difficulties the most important thing is to contact us as soon as possible. You may also find the FSA's information sheet on arrears useful. Please contact us for a copy or it is available on the FSA website www.fsa.gov.uk.

If we take the property into possession, and sell the property for less than the balance outstanding on your mortgage you will still be responsible for repaying to us the difference between the price for which we sell the property and the amount you owe us. This will include interest and the cost of the sale.

If we have obtained a mortgage insurance guarantee from an insurance company we may receive a payment from the insurer in this situation. The mortgage insurance guarantee is a

contract between the insurer and us and therefore any payments due under it will be made to us and not you. The insurer can recover from you any payment it makes to us.

Making home improvements

If you want to make any significant alterations or additions to the property or change its use, you must first obtain written permission from our Customer Service Team at Duffield, together with any permission necessary from the Local Authority (e.g. planning permission and/or building regulations consent) or under the terms of the Title Deeds.

If you intend to apply for a grant from the Local Authority it is important that you do not start the work before you have written approval from the Local Authority. If you fail to do this it may cost you the grant.

Letting your property?

We do most of our lending on owner occupied residential property. In the cases where this does not apply, a Special Condition will say so.

It is a condition of your Derbyshire mortgage that you cannot let your property without our consent. We will consider giving consent in certain circumstances (e.g. if you have to go abroad for a limited time because of your job). If you need to apply for our consent to letting, please contact us as soon as possible, so we have time to consider your request.

On some occasions (our "Buy to Let" mortgages) we may give you a general consent to let your property subject to the conditions set out in the mortgage offer.

Insurance

Because the amount you are borrowing is increasing you will need to review your insurance arrangements. We are available to help you do this.

If you have arranged your insurance through Derbyshire Building Society before we will not change your insurance automatically.

Buildings Insurance

You should check whether the sum insured is still adequate particularly where you are doing or have done works to the property which will have increased its value.

The insurance company will not pay more than the sum insured if your property is completely destroyed by an insured risk. Even a smaller claim may be affected if your sum insured is not correct.

Mortgage Payment Protection Insurance

Because you are borrowing more money and your monthly payments will increase you should check whether the cover provided by your Mortgage Payments Protection Insurance is adequate.

If you do not already have mortgage payment protection insurance we would recommend that you consider taking out this insurance whether that is through us or another provider.

Life Cover

You should also review your Life Cover to check you have sufficient insurance to repay your increased mortgage in the event of your death.

Customer Care

Confidentiality

We keep particulars of your account confidential and only disclose them where we are entitled by law. Where financial institutions or others ask for references or similar items containing information about you or your account(s) we only give the information where it appears that you wish us to. Of course in certain instances we may have to disclose information, for example, under a Court Order.

Personal Information we hold

If you would like more information about how we use the personal data we hold in our records, please ask for our leaflet "How we Use your Personal Information".

Data Protection Act – requests for information

Under the Data Protection Act 1998 you have the right, upon request, to have the details of information which the Society holds about you in its records. Your request should be in writing and addressed to Customer Services at Duffield Hall, Duffield, Derby DE56 1AG together with a cheque for £10 to cover the administration work involved.

If things go wrong

If things go wrong, let us know and we'll try and sort out the problem promptly. We have a complaints procedure and we are a member of the Financial Ombudsman Service (FOS).

Details about our complaints procedure and the FOS can be found on our website under 'Our commitment to Complaint Services'. Please call our Customer Relationship Team on 08456 004 005 if you would like a copy. Complaints we cannot settle may be referred to the FOS.

Membership/Joint Borrowers

As you are already a member with Nationwide Building Society this entitles you to voting rights. You should note that where there are joint borrowers only the first named in our records (i.e. the person named first in the Offer) will be entitled to exercise all those rights (the second named gets limited rights, mainly the right to obtain information). If you wish to change the order in which your names are held as joint borrowers now or in the future please write to Customer Services, Derbyshire Building Society, Duffield Hall, Duffield, Derby DE56 1AG.

