

Special Conditions for Offset Accounts

These Special Conditions apply to any Offset Accounts opened with the Society.

In these Special Conditions, the following terms have the following meanings:

"Offset Accounts" means your Offset Mortgage Account as well as the Savings Account which you have told us you would like to be set off against your Offset Mortgage Account before calculating the interest which you have to pay;

"Offset Mortgage Account" means your Mortgage account which is subject to these Special Conditions;

"Savings" means the savings (if any) in any Savings Account which are to be set off against the debit balance on your Offset Mortgage Account under these Special Conditions;

"Savings Account" means the Society's Offset Savings Account which contains or may contain the Savings. There may be more than one account. These Special Conditions as well as the Society's Premier Current Account Terms and Conditions (**Premier Terms and Conditions**) will apply to the Savings Account. In the case of a conflict, these Special Conditions will prevail:

Otherwise than as set out above the other defined terms contained in the Mortgage Conditions apply to these Special Conditions.

1 Offset Accounts

- 1.1 Your Offset Accounts must always include at least one Savings Account.
- 1.2 You will be subject to the terms and conditions for the Savings Account (i.e. the Premier Terms and Conditions as amended by these Special Conditions).
- 1.3 The Savings Account must be held in the same name(s) as the borrowers on the Offset Mortgage Account.
- 1.4 The Savings Account is only available to customers with an Offset Mortgage Account.
- 1.5 The minimum balance is £1. The maximum investment and operating balance is £1,000,000 (£2,000,000 for joint accounts).

2 Interest

- 2.1 We will not pay interest on any Savings Account.
- 2.2 We will work out the difference at the end of each day between the debit balance on your Offset Mortgage Account and the Savings. If the debit balance on your Offset Mortgage Account is equal to or less than the Savings we will not charge you interest on your Offset Mortgage Account. If the debit balance on your Offset Mortgage Account exceeds the Savings we will charge you interest only on the difference. However we may charge you interest on the whole debit balance on your Offset Mortgage Account if we find that the Offset Accounts of all our members are not paying enough interest to us to enable us to cover the costs of administering all the Offset Accounts; if we charge interest in these circumstances we will tell you personally at least two months in advance and will allow you to close your Savings Account immediately without you having to give any notice or pay any charges or interest which would otherwise be due.
- 2.3 Your Savings Account must remain in credit at all times. However, should your Savings Account go overdrawn we will charge you interest on such overdrawn amount at the rate of interest payable on your Offset Mortgage Account at that time.

3 Closing the Savings Account

- 3.1 We may at any time close the Savings Account and transfer the balance to another or equivalent savings account to the Premier Current Account with the Society in the same names if:
 - (a) you instruct us to do so;
 - (b) the Whole Debt and all other monies secured by the Mortgage have been repaid in full and either:
 - (i) the legal charge on the Property has been discharged, or
 - (ii) we have informed you of our intention to transfer your Savings and after two months you have not given us any other instructions;
 - (c) any of the holders of the Savings Account:
 - (i) is not a legal owner of the Property,
 - (ii) differs from the borrowers under the Mortgage, or
 - (iii) has not signed the mortgage deed as a borrower; or
 - (d) there is a change in the law, HM Revenue and Customs practice or interpretation, the requirements of the Financial Services Authority or any other regulator, or there is a decision of any ombudsman or similar person, as a result of which the Society is required to deduct or account for income tax in respect of any Savings in the Savings Account or are no longer able to offer Offset Mortgage Accounts.

- 3.2 If at any time you do not hold a Savings Account we may transfer your Offset Mortgage Account to another of our mortgage products which we reasonably consider is similar to the terms of the Offset Mortgage Account excluding condition 2 of these Special Conditions and you will be free to pay off the Whole Debt immediately subject to paying any Early Repayment Charges applicable to your Offset Mortgage Account.

4 Multi Part Mortgages

If you have an Offset Mortgage Account with more than one part, the Savings Account balance(s) will be applied in the following order of priority:

- (a) firstly, to the variable loan part (i.e. typically the tracker part charged at a margin above the Bank of England Base Rate). If there is no variable part, or all parts are on a variable rate, or all parts are fully offset by the balance in your Savings Account then,
- (b) secondly, to the loan part that has most recently completed. If all loan parts completed on the same day then,
- (c) thirdly, to the repayment part, if all parts are repayment then,
- (d) lastly, to the most recently opened part.

We are unable to change the allocation of Savings balance(s) from the method above.