

## **MORTGAGE INTERMEDIARY TERMS OF BUSINESS AGREEMENT**

### **1. SCOPE**

- (A) This Agreement sets out the terms on which You, the Mortgage Intermediary ('you', 'your' or 'yourself') may refer mortgage business to Us, Market Harborough Building Society ('us', 'our' or 'we') (the Society).
- (B) You accept being appointed by us to introduce borrowers or brokers for our products under the terms of this Agreement.
- (C) By submitting a mortgage application to us, you are confirming your acceptance of these terms. We reserve the right to alter these terms at any time.
- (D) You acknowledge that you are not the exclusive introducer of mortgage business to us and understand that we may refuse mortgage applications in our absolute discretion and without providing a reason.
- (E) This Agreement is effective from 1 May 2025 and replaces our previous terms and conditions.

### **2. DEFINITIONS**

**"Applicable Laws and Regulations"**

means all applicable laws, statutes, rules and regulations, guidance and codes of practice including but not limited to the Financial Services and Markets Act 2000 ("**FSMA**"), the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ("**RAO**"), the Consumer Credit Act 1974, the Data Protection Law, the Money Laundering Regulations 2017, the Terrorism Act 2000, the Proceeds of Crime Act 2002, the Bribery Act 2010, the Modern Slavery Act 2015, the Criminal Finances Act 2017 and any rules, directions, statements of principle, guidance issued by the FCA and the PRA (including, without limitation, the FCA Rules and PRA Rules) or issued by a government or statutory body or regulator from time to time.

**"Applicant"**

A person or persons applying for a Mortgage with us.

**"Appointed Representatives"**

has the meaning as defined in s.39 Financial Services & Markets Act 2000.

**"Borrower(s)"**

means a private individual, individuals, a sole trader, partnership or corporate body or LLP who wish to obtain or apply for a Mortgage.

**"Club"**

means an organisation which operates through membership for the purposes of providing marketing and promotional activities and negotiating fees with lenders for its members.

**"Control"**

means that a person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other person (whether through the ownership of voting shares, by contract or otherwise).

means the FCA Consumer Duty rules, guidance and principles

<b>"Consumer Duty"</b>	implemented by the Consumer Duty Instrument 2022 and set out by the FCA in 'FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty'.
<b>"Consumer Duty Obligations"</b>	means the Consumer Duty obligations of the Parties set out in Schedule 1 of this Agreement, being those obligations that relate to and arise out of or in connection with the FCA's rules and guidance on Consumer Duty (Section 139A of the Financial Services and Markets Act 2000), the Fair Treatment of Vulnerable Customers (FG 21/1), Final non-Handbook Guidance for firms on the Consumer Duty (FG 22/5) & PRIN 2A.7.4G(5)
<b>"Data Protection Law"</b>	<p>means all applicable laws (including decisions) and guidance by relevant supervisory authorities/Applicable Laws relating to data protection, the processing of personal data and privacy (as amended from time to time), including:</p> <ul style="list-style-type: none"> <li>a) The Data Protection Act 2018;</li> <li>(b) The UK General Data Protection Regulation (UK GDPR);</li> <li>(c) The Privacy and Electronic Communications (EC Directive) Regulations 2016.</li> </ul>
<b>"Directly Authorised Intermediary"</b>	means a person who is directly authorised by the FCA (and PRA where applicable) and holds the necessary Permissions to submit mortgage applications to us
<b>"FCA"</b>	means the Financial Conduct Authority.
<b>"FCA Rules"</b>	means the rules contained in the FCA Handbook.
<b>"FCA Handbook"</b>	means the FCA Handbook of rules and guidance made pursuant to FSMA.
<b>"Lending Criteria"</b>	Means Market Harborough Building Society's lending policy and/or guidelines for Mortgage Advances as notified to you by Market Harborough Building Society.
<b>"MCOB"</b>	means the Mortgages and Home Finance: Conduct of Business sourcebook contained within the FCA Handbook.
<b>"Mortgage Intermediary"</b>	means any person who submits a mortgage application to us either (1) as a Directly Authorised Intermediary or (2) as an Appointed Representative from whom we accept mortgage applications.
<b>"Mortgage"</b>	means any mortgage product supplied by us.
<b>"Permissions"</b>	means each permission, consent, licence, registration or

authorisation required under Applicable Laws and Regulations.

**"Person"**

means a natural person, corporate or unincorporated body (whether or not having separate legal personality).

**"PRA"**

means the Prudential Regulation Authority.

**"Principal"**

means an Authorised Person who permits an Appointed Representative to carry on regulated activities on its behalf.

**"PRA Rules"**

means the rules contained in the PRA Handbook.

**"Regulated Mortgage"**

has the same meaning given to it in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

**"Services"**

means the services provided by you whereby you shall from time to time introduce Applicants to Market Harborough Building Society pursuant to this Agreement.

**"Society"**

means the Market Harborough Building Society, Financial Services register number 206041, whose registered office is at Welland House, The Square, Market Harborough, Leicestershire, LE16 7PD, a member of the Building Societies Association (BSA).

**"Staff"**

means any employees, officers, workers or individuals employed or contracted directly or indirectly for you or any of your sub-contractors.

**"Vulnerabilities"**

Pursuant to the FCA's Consumer Duty guidance on the Fair Treatment of Vulnerable Customers (FG 21/1), this may include but is not limited to characteristics such as age, disability, mental health conditions, financial literacy, language barriers, or any other factors that may affect a consumer/Borrower's ability to make informed decisions.

3. **INTERPRETATION**

Any reference to the FCA Rules and PRA Rules or Applicable Laws and Regulations is to be interpreted as a reference to the FCA Rules and PRA Rules and Applicable Laws and Regulations as amended, varied or modified from time to time.

**OPERATIVE PROVISIONS**

4. **PRODUCTS, SERVICES AND ACTIVITIES**

- 4.1 The extent of your involvement shall be to market and distribute the agreed products of the Society to your brokers and customers.
- 4.2 We grant you a non-exclusive royalty-free licence to use our trademark in relation to your services and activities under this Agreement to enable you to perform those services and activities.

- 4.3 In particular, you may promote and market our Mortgage products to your customer database via such channels as you feel appropriate, which may at your discretion include sending flyers, advertisements, brochures and circulars and/or posting details of those products and of the Society on your website and/or on any relevant third party product sourcing system (we are to approve all material, in advance and in writing).
- 4.4 We agree that prior to commencement of each individual Mortgage we shall not knowingly market or sell:
  - 4.4.1 any of our non-mortgage products or services to any broker or intermediary used by you; or
  - 4.4.2 any personal loans to any Borrower or to any other person introduced to us by you.
- 4.5 We shall not solicit customer requests for marketing permissions unless contained within the approved mailings.
- 4.6 All broker queries on cases submitted shall be handled by us.
- 4.7 We shall:
  - 4.7.1 notify you of all changes to Mortgage products or services within 24 hours of the decision.
  - 4.7.2 give you at least 7 days' notice of product withdrawals.
  - 4.7.3 only withdraw exclusive products after full discussion with you (we retain the ultimate right to withdraw the product).
- 4.8 Any agreed product specification document shall supersede this Agreement if they are in conflict.
- 4.9 You must exercise all reasonable care, skill and diligence in the provision of the agreed Services and do so in such a manner in compliance with the Consumer Duty.
- 4.10 You must use appropriately skilled, competent, efficient, experienced and sufficiently numbered and resourced Staff in the provision of the agreed Services.

## 5. **THE FCA RULES, PRA RULES AND APPLICABLE LAWS AND REGULATIONS**

- 5.1 The Society adheres to the FCA Rules and the PRA Rules and Applicable Laws and Regulations.
- 5.2 You, warrant and represent that:
  - 5.2.1 You are authorised by the FCA or PRA.
  - 5.2.2 You have the relevant permissions required by the FCA or PRA in relation to this Agreement and shall maintain all necessary permissions required for you to perform the Services pursuant to this Agreement.
- 5.3 You shall ensure yourself and any Appointed Representatives comply with all applicable FCA and PRA Rules and other Applicable Laws and Regulations at all times. In submitting a mortgage application, you agree to do so using all reasonable skill and care by only appropriately skilled, qualified and competent employees, following guiding principles as laid out by both the Courts, the FCA and PRA (for example principles on responsible lending and Consumer Duty Customer Understanding).
- 5.4 For each mortgage application, you shall:
  - 5.4.1 Use reasonable skill and care, act honestly and professionally with the utmost integrity, in accordance with recognised good practice and industry standards
  - 5.4.2 Provide the applicant with all documentation required by, and in accordance with the regulatory requirements, including those in the FCA MCOBS handbook
  - 5.4.3 Use up to date literature, including the Society's application forms and related information provided by us
  - 5.4.4 Take reasonable steps to ensure the information provided in and with the application is full, accurate and complete
  - 5.4.5 Ensure that the applicant meets our Lending Criteria
  - 5.4.6 Will not submit any execution only or rejected advice mortgage applications to us.
  - 5.4.7 Take all appropriate steps to vet employees and third parties, check their background and verify their qualifications.

## **Know Your Customer (KYC)**

- 5.5 In relation to Know Your Customer:
- 5.5.1 Before submitting a mortgage application to us, you will verify the applicant's identity in accordance with all applicable regulations and take all reasonable steps to ensure the information it contains is accurate, correct and not misleading
- 5.5.2 You will supply certified copies of identification documents with all applications
- 5.5.3 You will not withhold any information or documentation that may be material to an application
- 5.5.4 You shall have and maintain in place policies and procedures to ensure compliance with anti-money laundering requirements (including laws, statutes, regulations and codes of practice) and will enforce them where appropriate.

## **Complaints Procedure**

- 5.6 You agree that any customer complaint relating to any mortgage advice provided by you is your responsibility.
- 5.7 You should inform the customer that all complaints against us will be dealt with in accordance with our internal complaints procedure, which is available on request.
- 5.8 All complaints relating to us which are received by you shall be referred to us immediately. You agree to provide us with all relevant information and reasonable support that will enable us to adequately handle the complaint.
- 5.9 Each party shall handle all customer complaints for which it is responsible in accordance with the FCA and relevant ombudsman requirements.
- 5.10 It will be your responsibility to ensure client applications and files are compliant with industry standards, and that all correct procedures are followed. You shall:
- 5.10.1 Maintain appropriate documented procedures for all your business operations including an internal complaints procedure which reflects 'best practice' as defined by the Financial Ombudsman Scheme requirements
- 5.10.2 Immediately notify us and keep us informed of the progress of any complaints relating to fraud, improper conduct or which may lead to a regulatory investigation and maintain a complaints log that is available to us for inspection.
- 5.11 You confirm that you will notify us of any complaint made to an ombudsman for a Mortgage or any other loan which you have introduced to us and shall supply us with full details of the background to and progress of any such application. We shall be responsible for handling complaints and potential complaints relating to the products and you shall be responsible for, and shall remain free at all times to determine your own procedures for complaints and potential complaints relating to the sales and advice process. Each party shall promptly pass on details of, and provide all reasonable assistance to the other in respect of any complaints which are to be, or which are being, handled by the other.

## **Compliance Requirements**

- 5.12 You must ensure all training and competence standards set out in the FCA handbook are met.
- 5.13 You must not knowingly submit an application which has been rejected by another lender on suspicion of fraud
- 5.14 You must keep and maintain for 15 years following the termination of these terms, such books and accounts; and make such filings, in connection with the performance of your obligations under these terms, as required by applicable law or as we may otherwise reasonably require from time to time
- 5.15 We may disclose any suspected or identified non-compliance by you with applicable laws and regulations to other lenders.
- 5.16 The parties shall comply with all applicable law, statutes and regulations relation to:

- 5.17 Anti-bribery and anti-corruption, including but not limited to the Bribery Act 2010 and not engage in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;
- 5.18 The prohibition of slavery or exploitation, including the Modern Slavery Act 2015.
- 5.19 The prevention of tax evasion offences including under the Criminal Finance Act 2017.
- 5.20 You shall notify us immediately upon becoming reasonably suspicious that an activity related to this Agreement has contravened or may contravene the legislation stated at 4.6.8 of this Agreement above.
- 5.21
- 5.22 You shall, on request, provide us with information necessary to enable us to demonstrate our compliance with the FCA Rules and the PRA Rules and Applicable Laws and Regulations, including:
  - 5.12.1 provide to the Society and/or its Regulators reasonable access to records files, tapes, or computer systems within your possession or control as reasonably requested;
  - 5.12.2 provide to the Society and/or its Regulators copies of specified documents, files, tapes, computer data or other material in your possession or control as reasonably requested;
  - 5.12.3 provide accurate, prompt and full responses to any questions reasonably put to you by the Society and/or its Regulators.
  - 5.12.4 permit the Society and/or its Regulators full access, on reasonable notice (except in the case of suspected fraud, or where required by the Regulators, in which case no notice shall be required), during reasonable business hours to any of your business premises and all files, records, information, documents, and Staff at those premises.
- 5.23 You shall inform Borrowers that you comply with the FCA Rules and the PRA Rules and shall include your FCA registration number and precise information as to commission within documentation issued to Borrowers.
- 5.24 You confirm that:
- 5.24.1 You shall not allow an unauthorised firm or person to give advice to Borrowers on Mortgages and loans on your behalf.
- 5.24.2 You shall not knowingly submit to us any application form on behalf of an unauthorised firm or person save where that unauthorised firm or person is the Borrower.
- 5.24.3 You shall not submit to us any application unless the Borrower has already been provided with a European Standardised Information Sheet (ESIS) for regulated mortgages or Mortgage Illustration for non-regulated mortgages in respect of such application.
- 5.25 Any marketing material or information provided or given by you concerning our Mortgages or procedures shall be sent to us for approval. You must have our written approval before issuing any advertising, press releases or marketing literature that refers to us. This includes the use of our logo. You remain responsible for ensuring that the form, content and distribution of any such materials complies with any laws, regulations or codes of practice.
- 5.26 You shall immediately tell us if you cease to be an authorised firm (or person) or when you have made the decision to cease such regulated activities.
- 5.27 You shall immediately notify us if you become aware of any fraud or improper conduct in relation to any application made to us by a Borrower introduced by you. If it is discovered that you knowingly submitted a fraudulent mortgage application to us, we will permanently remove you from our panel. We reserve the right to inform the FCA under the Information from Lenders Scheme.
- 5.28 You shall notify us immediately if you become aware of any potential or actual conflicts of interest which may relate to us. These may include between Applicants, between you and us and between you and your applicants.
- 5.29 You shall notify us in writing immediately in writing if you have ever been de-registered or removed from a lender panel, network or mortgage club.
- 5.30 In relation to the FCA's requirements for Conduct Risk, we agree to;
- 5.30.1 provide adequate, clear, information on our products to enable you to understand them and so to give suitable advice (where appropriate) to a Borrower, and;
- 5.30.2 make it clear where any information or material is provided for your use only.

- 5.31 You agree to:
- 5.31.1 take into account your target market (including its likely level of financial capability) when providing information to a Borrower;
  - 5.31.2 take into account what information a Borrower needs to understand a particular Mortgage (including its purpose and risks);
  - 5.31.3 Assess and identify Borrower's Vulnerabilities throughout the duration of both the initial assessment process and Mortgage process. This may include but is not limited to asking specific questions of the Borrower or utilising appropriate tools designed to assess the Borrower's circumstances;
  - 5.31.4 Deliver to your Staff on a regular basis, but at a minimum on an annual basis, training focussed on recognising, identifying, reporting, and responding to Borrowers' Vulnerabilities;
  - 5.31.5 Ensure any identified Borrower Vulnerabilities are adequately and accurately recorded and, subject to Clause 5.31.6 below, disclosed to us within [14] days. You agree to handle such documentations and record-keeping sensitively and in compliance with Data Protection Law;
  - 5.31.6 Where you are required to disclose to us records relating to Borrower Vulnerabilities that you have identified pursuant to Clause 5.31.5 above, ensure that said disclosure is only provided to those Society Staff directly involved in providing support to the Borrower, and with the express written consent of the Borrower;
  - 5.31.7 Ensure that any Borrower identified as possessing Vulnerabilities is offered adequate and tailored support and/or services. This may include but is not limited to longer appointment times, access to dedicated support Staff, or simplified but FCA-compliant documentation processes;
  - 5.31.8 Undertake regular, but at the minimum annual, reviews of your practices insofar as they relate to Borrower Vulnerabilities. Said reviews must entail adequate and tailored assessments as to whether the support measures required pursuant to Clause 5.31.7 are effective. Where shortfalls in the support measures required pursuant to Clause 5.31.7 are identified, you must ensure improvements and/or adjustments are effected to ensure your compliance with this Clause 5.31.
  - 5.31.9 Communicate such information in a way that is clear, fair and not misleading.

## 6. **LEGAL RELATIONSHIP**

- 6.1 Nothing in this Agreement shall grant or imply any exclusive dealing between the parties. You acknowledge that you are not being appointed as an exclusive broker and you are free to introduce loans to other lenders. We are free to accept or reject any applications introduced by you and to deal with other intermediaries.
- 6.2 You are an introducer of mortgages and loans, independent of us.
- 6.3 You acknowledge for purpose of the Consumer Duty you are the distributor and we are the manufacturer. Accordingly you will ensure your distribution strategy for mortgages meets the intended target market. As part of the distribution chain, you agree to provide us with assistance and relevant information upon request to enable us to undertake a review of our mortgages products and services and to assess overall fair value.
- 6.4 Nothing in this Agreement is intended to create a partnership, joint venture, or legal relationship of any kind that would impose liability upon one party for the act or failure to act of the other party, or to authorise either party to act as agent for the other party. You are not and shall not state that you are an agent, licensee, franchise or other representative of, or is in partnership with us. You shall not have authority to make representations, act in the name of, or on behalf of, or to otherwise bind the other party.
- 6.5 You shall, if required by us or the FCA Rules or the PRA Rules and Applicable Laws and Regulations, state to all Borrowers that you are not an agent of the Society.
- 6.6 We will have responsibility for documentation and information which is produced in writing in connection with our Mortgages and loans. We are not liable for any statement, comment or representation made by you or by any of your representatives that we have not approved save

where that statement is made as a consequence of information, training or guidance provided by us.

- 6.7 We are not liable for delays caused as a result of inaccurate or incomplete information provided by you and/or the applicant.
- 6.8 We shall have all appropriate authorisations, permissions and licences to enable us to conduct business as an introducer of Mortgages.
- 6.9 You consent to our Privacy Policy, referring Applicants to our website or by providing a paper copy, and to us completing all necessary checks to assess your suitability as a person who may submit mortgage applications to us.
- 6.10 You should have adequate and comprehensive insurance to cover against liability arising from incorrect, inappropriate or negligent advice to a Borrower.
- 6.11 You shall be solely liable and will indemnify us, and keep us indemnified, in respect of all losses (including legal fees) against all loss, damage or liability as a result of any breach by you of your obligations under this agreement or any regulatory requirements.
- 6.11.1 You shall maintain throughout the term of this agreement, and for a further 12 months following termination, professional indemnity insurance with a reputable insurer for an amount which is not less than the amount required by the FCA rules.
- 6.11.2 You shall provide evidence of such insurance upon completion of this agreement and at any point in the future on our request.
- 6.11.3 You shall immediately notify us if you become aware of a breach of our terms or any applicable laws.
- 6.12 We shall not be responsible for any costs incurred by you unless such costs have been agreed by us in writing, in advance.

## **7. DATA PROTECTION**

- 7.1 You are the data controller for Borrowers and shall obtain the Borrowers consent or contract to transfer their personal data prior to making an application to us.
- 7.2 You acknowledge that we are the data controller in respect of Borrowers following their introduction to us.
- 7.3 Each party shall be registered (and maintain that registration) with the Information Commissioners Office (ICO) for the duration of this agreement, shall be responsible for independently complying with the Data Protection legislation and reasonably assist each other to maintain such compliance.
- 7.4 You shall keep a record of any processing of personal data you carry out on our behalf.
- 7.5 You shall provide the Applicant with a comprehensive privacy notice which will inform them that their data will be passed to third party lenders to ensure that we may lawfully use their personal data.
- 7.6 You undertake to process the Personal Data of employees or Applicants transferred to you by us in accordance with your privacy notice , which shall be provided to us upon request.
- 7.7 As described in our privacy policy, we undertake to process your personal data when you apply to join the Society's panel of mortgage intermediaries and to process Applications. We share your personal information with fraud prevention agencies and credit reference agencies and carry out profiling. We may also use your personal data to contact you according to your marketing preferences, which you can change at any time.
- 7.8 You undertake to keep personal data secure and will implement appropriate technical and organisational measures to effectively implement the principles of data protection by design and by default, and to protect personal data against accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to personal data.
- 7.9 Security measures should:
- 7.9.1 take all reasonable steps to involve pseudonymisation and encryption of personal data;



- 7.9.2 ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;
- 7.9.3 be able to restore the availability and access to personal data in a timely manner in the event of a physical and technical incident; and
- 7.9.4 include regular testing, assessing and evaluating of effectiveness of technical and organisational measures to ensure security of processing.
- 7.10 Both parties agree that information may be transferred to and stored in locations outside the UK or European Economic Area (EEA) where the transfer is lawful, an adequacy decision has been issued by the European Commission, or other suitable safeguards are in place, which include contractual obligations imposed on the recipients of your personal information.
- 7.11 You shall promptly notify the other party, (and in any event within one business day) in writing, upon becoming aware of any actual or suspected, threatened or 'near miss', relevant to this Agreement, and where relevant provide written description of the personal data breach particulars if reported to the competent authority as required under Article 33(3) of the UK GDPR. Each party shall provide each other with reasonable assistance in order to meet their Data Protection Legislation obligations.
- 7.12 You shall notify us (within 5 business days) if you receive:
- 7.12.1 a request from a data subject to have access to their personal data to the extent that it refers to us;
- 7.12.2 a complaint or request relating to our obligations under Data Protection Law;
- 7.12.3 any other communication relating directly or indirectly to the processing of any personal data by you on our instruction; or
- 7.13 You shall provide us with full co-operation and assistance in relation to any complaint or request made from data subjects to exercise their rights.
- 7.14 You shall permit us or our external advisors (subject to reasonable confidentiality undertakings) to inspect and audit your data processing activities and those of your employees, contractors and agents to check compliance with this clause.
- 7.15 Each party shall not by act or omission cause the other Party to breach the Data Protection Legislation. Each party shall indemnify and keep the other party ("**Indemnified Party**") indemnified against all reasonable losses cost, demands and expenses suffered or incurred by the Indemnified Party arising out or in connection with any action or claim brought by a third party directly caused by a breach by the other party of Data Protection Law.

## 8. **LIMITATION OF LIABILITY**

- 8.1 Except as set out in clause 8.1.3 the parties' maximum liability to each other under this Agreement or otherwise for any cause shall be for direct costs and damages only and shall be limited:
  - 8.1.1 in relation to the payment or repayment of commission, to the outstanding payment or repayment obligation;
  - 8.1.2 in respect of all other claims, losses, damages or expenses arising out of or in connection with the Mortgage Intermediary's breach of this Agreement or its negligent actions and/or omissions to £1 million or alternatively to the value of any loan that is unenforceable as a result of the Mortgage Intermediary's breach of this Agreement or its negligent actions and/or omissions, whichever is the higher amount.
  - 8.1.3 Nothing shall restrict or exclude the liability of either party in the case of:
    - personal injury or death caused by negligence;
    - fraud or fraudulent misrepresentation;
    - The indemnity in regard to informed consent at Clause 10.6 of this Agreement.
    - a claim or regulatory investigation or penalty against us arising from a breach by you of clause 5.

- 8.2 Neither party shall be liable to the other for any damages resulting from loss use, lost profits, loss of anticipated savings, or for any damages that are an indirect or secondary consequence of any act or omission of the other.

9. **RIGHTS OF AUDIT**

Each party shall maintain proper and adequate records of all matters for which it is responsible or which are relevant for the purposes of this Agreement. Each party shall permit the other party and its auditors, regulators or other authorised agents to enter its premises during business hours on not less than 10 days' notice for the purpose of ascertaining whether that party is complying with its obligations under this Agreement (unless due to fraud or suspected fraud where no notice is required), provided that any such person enters into a confidentiality undertaking with the party being visited in such form as is reasonably acceptable to that party. Nothing in this clause shall oblige either party to comply with any request for access to its premises that is unreasonable in its basis, nature, frequency, duration, or any other manner.

10. **FINANCIAL TERMS**

- 10.1 We shall pay you a Procurement Fee for each Mortgage completion.
- 10.2 The Procurement Fee represents the agreed amount we pay you for submitting a Mortgage Application which completes.
- 10.3 Payment of Procurement Fees will be made through by electronic transfer on a monthly basis and are inclusive of VAT where applicable. Such fees will be paid through the agreed payment route when registering with us, directly to you or directly to your Club, or if you are an Appointed Representative, to your Principal. You are solely responsible for any fees or fee arrangements between you and the Club or between you and your Principal.
- 10.4 In the event of us making any Procurement Fee overpayment to you, you will return the overpayment to us within five working days following the issue of the overpayment or following our request for said return.
- 10.5 If this Agreement is brought to an end you shall still be entitled to payment of fees in respect of a Mortgage completion where such Mortgage was introduced by you before the end of the Agreement, even though the Mortgage completes after that date.
- 10.6 You will disclose to each Applicant at the earliest possible opportunity that you will receive a Procurement Fee and the estimated and/or actual amount of said Procurement Fee, and provide such details as may be required by applicable regulations, in writing and orally to the Applicants. The details provided to the Applicant regarding the Procurement Fee must be sufficient to enable the Applicant to provide their fully informed consent to the charges and all steps should be taken to avoid a conflict of interest. You will indemnify us in regard to any complaint or claim concerning a failure on your part to acquire the Applicant's informed consent.
- 10.7 We may vary the level of fees payable at any time, by giving 14 days' notice and confirming in writing to you. This shall not affect fees payable in respect of any Mortgage application that has been submitted to you before the date of notice, but in respect of which a payment has not yet been made.
- 10.8 It is agreed that any payment of Fees by us does not constitute an improper inducement by us to you to place Mortgage business with us, neither does such payment create an obligation on you to do so. The payment of Fees recognises the practices of the commercial marketplace in which both firms operate.
- 10.9 If we fail to make any payment due to you under this agreement by the due date for payment, then we shall, on request, pay interest on the overdue amount at the rate of 2% per annum above the Society's base rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after judgment. We shall pay the interest together with the overdue amount.

- 10.10 In the event that you become subject to a regulatory investigation, we may suspend payment of Fees due to you until the investigation has been concluded. Where any sum is due to us, we have a right to set off any payments due to you until the sum is satisfied.
- 10.11 We may request information to help us to assess Procurement Fees reflecting service and value which you agree to provide.

## 11. **TERMINATION**

- 11.1 This Agreement may be terminated by either party upon giving not less than 30 calendar days' notice in writing to the other.
- 11.1.1 This Agreement may be terminated immediately by us:
- (a) if we have reasonable grounds for believing that acts of dishonesty or fraud may have taken place in connection with any Mortgage, loan or Borrower with your knowledge or that of any of your representatives.
  - (b) if we have reasonable grounds for believing that you have committed a breach of the FCA Rules or PRA Rules or Applicable Laws and Regulations, or that its FCA or PRA authorisation has been rescinded and/or its permissions have been revoked or otherwise amended.
- 11.2 Where you are a Directly Authorised Intermediary we reserve the right to inform your Mortgage Club of your termination or suspension and where you are an Appointed Representative, your Principal of your termination or suspension.
- 11.3 We may terminate this Agreement immediately if control of your firm changes in any of the following ways:
- 11.3.1 You are no longer authorised by the FCA or PRA or do not have the relevant permissions;
  - 11.3.2 the sale or other disposal of your business where we have not been notified of any such changes within one month of the change occurring;
  - 11.3.3 the existence of a voluntary arrangement with creditors or sequestration or administration order;
  - 11.3.4 liquidation or appointment of a receiver;
  - 11.3.5 any change in the entity or entities having Control of your firm, where we have not been notified of the changes within one month of the change occurring.
- 11.4 On termination, we will no longer accept any mortgage applications from you, You will continue to assist us, returning any of our property and will no longer promote our products and services.
- 11.4.1 Pursuant to Clause 11.4 of this Agreement, you must return immediately to the Society all documentation, information, records and intellectual property, whether in hard or electronic copy, belonging to the Society which you have in your possession or control.
- 11.4.2 Pursuant to Clause 11.4 of this Agreement, you must immediately cease and desist from using in any manner or form, the Society's trademark and brand.
- Pursuant to Clause 11.4 of this Agreement, you must use all best and reasonable endeavours to ensure that all activities are transferred back to the Society or such other party as the Society may specify, in an organised manner.
- 11.5 On and after the termination date, you will remain entitled to any fees or commission due in respect of mortgage applications received by us prior to the termination date. You agree to pay us any overdue payments immediately.
- 11.6 We may suspend this Agreement with you if no mortgage applications have been submitted over a consecutive twelve-month period. You will be required to re-register with us in order to submit any new mortgage applications.
- 11.7 Any termination of this Agreement will not affect the accrued rights and liabilities of either Party, and the provisions of Clauses 4, 5, 6, 8, 9, 11, 13 and 15.13 shall continue to apply notwithstanding the termination of this Agreement for any reason.

12. **LENDING AND ADMINISTRATIVE PROCEDURES**

- 12.1 You shall, at all times, act in good faith in a manner which maintains our good reputation and which is compliant with the Consumer Duty.
- 12.2 We shall supply you with details of our Mortgages and links to our website from time to time and on request.
- 12.3 You shall ensure that the Borrower is advised that all information provided by the Borrower will be supplied to us and that we will communicate with the Borrower once their details and the details of the Mortgage application are passed to us.
- 12.4 From time to time we may request you to provide data concerning the Borrower and Mortgage applications generally for the purpose of monitoring quality and volumes of such applications. You agree to provide us with the data requested in reasonable detail within five days of our request.
- 12.5 We will send the relevant Appointed Representative of the Intermediary a copy of any Key Facts Illustration and Mortgage Offer Letter (or any Mortgage Credit Directive replacements) that it issues in respect of a mutual client of the Intermediary.

13. **CONFIDENTIALITY**

- 13.1 All Confidential Information given by us to you, or otherwise obtained or developed by you relating to this Agreement, shall be kept secret and confidential and shall not be used or disclosed other than for the purposes of the proper performance of this Agreement or with our prior written consent.
- 13.2 You also agree to protect and undertake to not, at any time, use, divulge or communicate to any persons or entities any information in relation to customers which you may have.
- 13.3 The obligations of confidentiality in this clause 13 shall not extend to any matter which you can show:
- 13.3.1 is in, or has become part of, the public domain other than as a result of a breach of the obligations of confidentiality under this Agreement;
- 13.3.2 was independently disclosed to it by a third party entitled to disclose the same; or
- 13.3.3 is required to be disclosed under any applicable law, or by order of a court or governmental body or authority of competent jurisdiction.

14. **NOTICES**

- 14.1.1 If any notice or other information is to be given by either party to the other, this may be given by hand or sent by first class post, e-mail, or comparable means of communication to the other party at the addresses referred to below.
- 14.2 Notices are to be sent:
- 14.2.1 In the case of the Society, our registered office is at Welland House, The Square, Market Harborough, Leicestershire, LE16 7PD via post or by e-mail to register@mhbs.co.uk.
- 14.2.2 To the Intermediary at the postal address as notified from time to time to us.

15. **GENERAL**

- 15.1 We may assign this Agreement and any rights and obligations which arise under it.
- 15.2 This Agreement is personal to You and you may not assign this Agreement without our written consent. However, such consent shall not be unreasonably withheld.
- 15.3 No failure or delay by us to exercise any right or remedy arising under, or in connection with, this Agreement (collectively, any "**action**") will act as a waiver, or otherwise prejudice or restrict the rights of that party, in relation to that action or any other contemporaneous or future action.

- 15.4 The rights and remedies arising under, or in connection with, this Agreement are cumulative and, except where otherwise expressly provided in this Agreement, do not exclude rights and remedies provided by law or otherwise.
- 15.5 Each party shall, at the request and cost of the other, use all reasonable endeavours to do or procure the doing of all such further acts, and execute or procure the valid execution of all such documents, as may from time to time be necessary in the requesting party's reasonable opinion to give full effect to this Agreement.
- 15.6 If any of this Agreement is or becomes illegal, invalid or unenforceable in any respect, that shall not affect or impair the legality, validity or enforceability of any other provision of this Agreement.
- 15.7 If any illegal, invalid or unenforceable provision would be legal, valid or enforceable if some part of it were deleted, such provision shall apply with the minimum modification(s) necessary to make it legal, valid or enforceable.
- 15.8 A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Agreement. This clause does not affect any right or remedy of any person which exists, or is available, other than pursuant to that Act.
- 15.9 We can vary this Agreement at any time, by giving 14 days' notice and by posting an amended copy of these terms on our website and that by submitting business to us, you accept the most recent version as available on our website.
- 15.10 This Agreement sets out the entire agreement and understanding between the parties in respect of its subject matter and supersedes any previous agreement, warranty, statement, representation, understanding, or undertaking (in each case whether written or oral) given or made before the date of this Agreement by, or on behalf of, the parties and relating to its subject matter.
- 15.11 Each party confirms that it has not relied upon, and (subject to clause ) shall have no remedy in respect of, any agreement, warranty, statement, representation, understanding or undertaking made by any party (whether or not a party to this Agreement) unless that agreement, warranty, statement, representation, understanding or undertaking is expressly set out in this Agreement.
- 15.12 Subject to clause , neither party shall be entitled to claim the remedies of rescission or damages arising out of, or in connection with, any agreement, warranty, statement, representation, understanding or undertaking whether or not it is set out in this Agreement.
- 15.13 This Agreement shall be governed by and construed in accordance with English law.
- 15.14 The courts of England and Wales shall have exclusive jurisdiction in respect of any dispute arising out of or in respect of this Agreement.

## **SCHEDULE 1 – CONSUMER DUTY OBLIGATIONS**

*We must draw your attention to the specific expectations arising from the Consumer Duty which pertain to the fair treatment of vulnerable customers. Pursuant to the Consumer Duty, firms should have systems and processes that support and enable customers with characteristics of vulnerability to disclose their needs. Firm must take steps to avoid the foreseeable harm of customers' mental wellbeing and ability to engage with their credit providers being disproportionately impacted by repeated requests for personal and vulnerability information.*

### **1. Definitions**

Unless defined elsewhere in the agreement, the following terms used in this schedule 1 shall have the following meaning:

**Distributor** means a firm which offers, sells, recommends, advises on, arranges, deals, proposes or provides a product.

1. **Distribution Arrangement** means (a) this Agreement and (b) those of your policies and procedures designed to allow you to comply with your responsibilities under the consumer duty.
- Distribution Strategy** means the Society's strategy for distributing a product in compliance with its responsibilities under the Consumer Duty.
- Fair Value** has the meaning given to it in 2A.4.1 PRIN, that a product provides fair value where the amount paid for the Product is reasonable relative to the benefits of the product.
- Manufacturer** means a firm which creates, develops, designs, issues, manages, operates, carries out, a Product PRIN means the principles for business of the FCA Handbook.
- Products** means the regulated mortgage products on general offer by the Society and made available to you by the Society under this Agreement and Product shall mean any one of them.
- Regulated Customers** means the customers who enter or wish to enter into a regulated mortgage contract in relation to a Product.
- Sales Information** means any sales information required by the Society, from time to time, to allow the Society to comply with its responsibilities under the Consumer Duty.
- Target Market** means one or more groups of Regulated Customers sharing common features whose characteristics, needs and objectives the products are Designed to meet, as identified by the Society in accordance with its responsibilities under the Consumer Duty.

## 2. **Scope**

- 2.1 this Schedule sets out the roles and responsibilities of the parties in relation to the requirements of the Consumer Duty.
- 2.2 the Parties acknowledge that, in relation to the services provided under this Agreement:
- (a) the Society is the manufacturer of the Products; and
  - (b) You are:
    - (i) the Distributor of the Products and
    - (ii) the Manufacturer in respect of You carrying out any regulated activities in respect of the Products, for the purposes of their roles and responsibilities under the Consumer Duty.
- 2.3 in the event of any conflict between the contents of this Schedule 1 and the terms and conditions of this Agreement, this Schedule 1 will prevail.

## 3. **Consumer Duty compliance**

- 3.1 the Society shall provide sufficient, adequate and accurate information in good time to You, on request, about the Products to enable You to comply with Your obligations under 2A.3.16 R PRIN and 2A.4.16 R PRIN, in particular information in respect of:
- (a) the characteristics of the Products;
  - (b) the identified Target Market;
  - (c) the benefits of the Products to Regulated Customers and the outcome of Fair Value Assessments carried out by the Society;
  - (d) the needs, characteristics and objectives of any Regulated Customers in the Target Market with characteristics of vulnerability; and
  - (e) the intended Distribution Strategy.

#### **4. The Society's reviews**

4.1 the Parties acknowledge that the Society must regularly, but as a minimum on annual basis, review the Distribution Strategy for each Product distributed by You under this Agreement, to ensure that the Distribution Strategy is consistent with:

- (a) the Products meeting the identified needs, characteristics and objectives of the Target Market, including any identified for customers with characteristics of vulnerability;
- (b) being appropriate for the Target Market;
- (c) the products being distributed to Regulated Customers in the Target Market by you; and
- (d) the Products providing Fair Value.

#### **5. Consumer Duty Warranties and Undertakings**

5.1 you warrant and undertake to the Society that you:

- (a) will only offer and distribute the Products to the Target Market;
- (b) will only distribute Products that provide Fair Value;
- (c) understand the Products and the needs, characteristics and objectives of the Target Market;
- (d) shall comply and procure that Your Staff all comply with the Distribution Strategy when distributing Products under this Agreement; and
- (e) shall maintain and operate the Distribution Arrangement in compliance with the Consumer Duty.

#### **6. Assistance with the Society's review**

6.1 You shall provide all reasonable information requested by the Society to enable the Society to carry out their reviews in accordance with paragraph 4 above as soon as reasonably practicable and in any event no later than 10 business days after receiving a request for such information from the Society.

6.2 You shall take such appropriate action (for example, amending your Distribution Arrangement in accordance with any improvements identified by the Society as being necessary) as directed by the Society following the outcomes of any review carried out by the Society in accordance with paragraph 4 above.

#### **7. Product Price and Value Assessment Reviews**

7.1 To support the Product price and value assessment reviews carried out by the Society, you on request, shall provide the Society with reasonable relevant information including, where appropriate, Sales Information and information on the regular reviews of the Product Distribution Arrangement you carry out in accordance with paragraph 8 as soon as reasonably practicable and in any event no later than [10] business days from a request by the Society.

7.2 You shall take any appropriate action as directed by the Society no later than [2] business days from a request by the Society, following the outcomes of any price and value assessments of the products carried out by the Society.

#### **8. Your Reviews**

8.1 The Parties acknowledge that you must regularly review the Distribution Arrangement for each product you Distribute under this Agreement, such timing and frequency of these reviews to be agreed between the Parties from time to time, to ensure that the Distribution Arrangement is consistent with:

- (a) not causing and, where that is not practical, mitigating foreseeable harm to Regulated Customers;
- (b) supporting a proper management of conflicts of interest;
- (c) ensuring the needs, characteristics and objectives of the Target Market are duly taken into account; and
- (d) the Products providing Fair Value to Regulated Customers.

## **8. Your Reviews**

8.1 The Parties acknowledge that you must regularly review the Distribution Arrangement for each product you Distribute under this Agreement, such timing and frequency of these reviews to be agreed between the Parties from time to time, to ensure that the Distribution Arrangement is consistent with:

- (a) not causing and, where that is not practical, mitigating foreseeable harm to Regulated Customers;
- (b) supporting a proper management of conflicts of interest;
- (c) ensuring the needs, characteristics and objectives of the Target Market are duly taken into account; and
- (d) the Products providing Fair Value to Regulated Customers.

8.2 You shall immediately notify the Society, if following any review carried out in accordance with this paragraph 8, the Distribution Arrangement:

- (a) is no longer appropriate and up to date;
- (b) no longer distributes the Products to the Target Market;
- (c) causes harm to the Regulated Customers;
- (d) causes any conflicts of interest;
- (e) does not take into account the needs, characteristics and objectives of the Target Market;
- (f) no longer ensures the Products provide Fair Value to Regulated Customers.

8.3 Where you identify an issue following carrying out a review under paragraph 8.1 above, you shall promptly and in any event no later than [2] business days:

- (a) make appropriate amendments to its Distribution Arrangement;
- (b) where harm has been identified, take appropriate action to mitigate the situation and prevent further harm; and
- (c) inform the Society about any such action taken.

8.4 You shall take any appropriate action as directed by the Society following the outcomes of any review carried out in accordance with this paragraph 8.

## **9. Ongoing monitoring of outcomes**

9.1 The Parties acknowledge that they must regularly monitor the outcomes received by Regulated Customers from the Distribution arrangement and distribution strategy under this Agreement, such timing and frequency of these reviews to be agreed between the Parties from time to time, to determine at least:

- (a) whether Regulated Customers are being, or have been, provided Products that have been designed to meet their needs, characteristics and objectives;
- (b) whether the Products that Regulated Customers receive provide Fair Value and appropriate action has been taken to address Products identified as not providing Fair Value;
- (c) whether Regulated Customers are equipped with the right information to make effective, timely and properly informed decisions; and
- (d) whether Regulated Customers receive the support they need.

9.2 The Parties shall provide all reasonable information to each other, to enable the monitoring to be carried out in accordance with this paragraph 9, as soon as reasonably practicable, and in any event no later than [10] business Days from a request by a Party.

9.3 You must immediately notify the Society if you cannot determine the outcomes set out in paragraphs 9.1(a) to 9.1(d) above following carrying out a review under paragraph 9.1 above.

9.4 You shall take any appropriate action as directed by the Society following the outcomes of any monitoring carried out in accordance with this paragraph 9.