

**THIS IS AN IMPORTANT DOCUMENT. YOU SHOULD TAKE LEGAL ADVICE BEFORE SIGNING.**

**Owner:** \_\_\_\_\_ **Registered No:** \_\_\_\_\_

**Bank:** The Royal Bank of Scotland plc

**Lender:** \_\_\_\_\_

**Specified Property:** \_\_\_\_\_

**Bank's Address:** \_\_\_\_\_

## 1. Security

[NB – AMEND THE DEFINITIONS OF THE SECURITY AS APPROPRIATE]

- 1.1 The **Bank's Security** is a [fixed charge on the Specified Property and associated assets dated \_\_\_ and a ]Debenture dated \_\_\_ creating fixed and floating charges [both] granted by the Owner (and includes any substituted or further security taken in the future).
- 1.2 The **Lender's Security** is a [fixed charge on the Specified Property and associated assets dated \_\_\_ and a ]Debenture dated \_\_\_ creating fixed and floating charges [both] granted by the Owner (and includes any substituted or further security taken in the future).

## 2. Priority Agreement

- 2.1 The **Bank's Priority** is £\_\_\_ and the **Lender's Priority** is £\_\_\_ (or any other Priority amounts as agreed in writing between the Bank and the Lender) and, in addition, interest on those amounts and expenses as secured by the Bank's or the Lender's Security.
- 2.2 The Bank's Security will rank first in priority as a continuing security up to the Bank's Priority.
- 2.3 The Lender's Security will rank second in priority as a continuing security up to the Lender's Priority.
- 2.4 The Bank's Security will rank third in priority as a continuing security without limit.
- [2.5 If either the Bank or the Lender holds an effective fixed charge and the other a floating charge over the same asset or class of assets then the fixed charge will rank in priority to the floating charge without limit.]
- 2.6 The Bank and the Lender will hold on trust:
- 2.6.1 any net receipts from the enforcement of their Security or from an administrator or liquidator of the Owner in respect of their Security; and
- 2.6.2 any monies which they receive as payment of:
- 2.6.2.1 a moratorium debt;
  - 2.6.2.2 a priority pre-moratorium debt; or
  - 2.6.2.3 a pre-moratorium debt for which the Owner did not have a payment holiday and which was due by the Owner by reason of the operation of, or the exercise of

rights under, an acceleration or early termination clause and/ or as a result of demand for payment being made on the Owner by the Bank or Lender,

to give effect to the priorities under this deed.

2.7 The priorities above will not be affected by:

2.7.1 any fluctuations in the amounts secured by the Security, or any advances being made after the date of this deed.

2.7.2 the existence at any time of a credit balance on any account.

2.7.3 the crystallisation of the Bank's or Lender's floating charge before the other's.

### **3. Transfer**

3.1 The Bank or the Lender will ensure when transferring their Security that the transferee enters into a deed with the other party on the same terms as this deed.

3.2 References to the Bank and the Lender include their respective successors.

### **4 Registration**

4.1 The Owner agrees to the registration of this deed at the Land Registry.

4.2 The Bank and the Lender each consent to the registration of the other's Security at the Land Registry.

### **5. Debts and Deposits**

5.1 The Owner will not be in breach of any terms concerning debts in the Lender's Security if it pays those debts into an account with the Bank, and the Bank may apply them in reduction of any liability of the Owner to the Bank.

5.2 If a credit balance exists at any time on an account of the Owner with the Bank, regardless of whether the Lender has any charge over that credit balance, the Bank may:

5.2.1 prior to the Lender enforcing its security, permit the Owner to draw on the credit balance.

5.2.2 at any time, set off any amount due to it from the Owner against the credit balance.

### **6. Enforcement**

6.1 Unless urgent independent action is considered necessary by either party to protect their security interests, the Bank and the Lender will:

6.1.1 give notice to the other of their intention to enforce their Security before any enforcement takes place.

6.1.2 consult with each other over the appointment of a suitable receiver or administrator.

6.1.3 give notice of their intention to exercise any rights under an acceleration or early termination clause or their intention to make demand for payment whilst the Owner is subject to a moratorium before such rights are exercised.

6.2 If independent action is considered urgent without notice or consultation, then written notice must be given immediately to the other party and in any event:

- 6.2.1 the Lender will not, without giving the Bank two business days notice, exercise any rights under an acceleration or early termination clause or make demand for payment whilst the Owner is subject to a moratorium.
- 6.2.2 the Lender will not, without the Bank's consent, apply to the court for an administration order.
- 6.2.3 the Lender will not, without giving the Bank two business days notice:
- take steps to appoint an administrator of the Owner or a receiver of any charged property.
  - issue a petition for the winding up of the Owner.

A **business day** is a weekday other than a national holiday.

- 6.3 Any receiver appointed by the Bank has a prior right to possession of the charged property.

## **7. Waiver of Confidentiality**

The Owner agrees that the Bank and the Lender can disclose to each other any confidential information concerning the Owner's business affairs and accounts.

## **8. Title Deeds and Documents**

The Bank is entitled to hold all title deeds and documents relating to any charged property.

## **9. Notices**

- 9.1 All notices must be in writing.
- 9.2 Any notice by the Bank may be sent by post, fax or delivered to the Lender's registered office or to the contact details last known to the Bank.
- 9.3 Any notice by the Lender may be sent by post or delivered to the Bank's Address.
- 9.4 A notice signed by an official of the Bank or the Lender will be effective at the time of personal delivery; on the second business day after posting; or, if by fax, at the time of sending, if sent before 6.00 p.m. on a business day or otherwise on the next business day.

## **10. Pre-enforcement Receipts**

Only net receipts from the enforcement of the Bank's or the Lender's Security will reduce or count towards the Bank's or the Lender's Priority.  
A receipt is from the "enforcement" of a Security if the Bank or the Lender has exercised a power in the Security to realise any of its security. Repayments or receipts in return for the release of any of the property charged or other rights, or the proceeds of set-off, are not receipts from "enforcement" and will not reduce or count towards the Bank's or the Lender's Priority.

## **11. Companies House Registration**

If either the Bank's or the Lender's Security is required to be registered at Companies House but is not registered (either within the required time, or later by Court order)

