

5th April 2011

Mr [Name]
[Address]
[City]
[Postcode]

(the "Borrower")

Dear Mr [Name]

Term Loan Facility of £100,000

We are pleased to make available to the Borrower a facility to borrow a term loan of £100,000 on the terms and conditions of this letter.

1 Amount and Purpose

The term loan will be made available for drawdown, an initial amount of £10,000 and the remaining £90,000 will be made available for drawdown in stage payments and will be subject to re-inspection of the Property by Hardie Brack (all costs to be met by the Company).

2 Repayment

- 2.1 The Borrower will repay the term loan in full on the Repayment Date. In the event that the Repayment Date falls on a Saturday or Sunday or Bank or Public Holiday, the repayment will be made on the preceding working day.
- 2.2 The Borrower may repay the term loan early in full provided that accrued interest and all other payments are paid on the same date, but the Borrower may not re-borrow any amount which is repaid.

3 Interest

- 3.1 Interest will accrue daily on the outstanding balance of the term loan at the rate of one point nine five per cent (1.95%) per calendar month and will be part serviced on a monthly basis via Standing Order. Payments of £750.00 are to reach our nominated bank account by the last day of each month. The facility is subject to a minimum non refundable term of three months.
- 3.2 Interest at the rate provided for under Clause 3.1 above or at the Default Rate in accordance with Clause 11 will accrue and be payable after as well as before any judgement.

4 Security

The term loan will be secured at all times by the following security ("the Security"):

- 4.1 a first legal charge over the Property;
- 4.2 all existing and future security granted by the Borrower to the Lender in support of facilities made available by the Lender from time to time.

5 Conditions Precedent

Before the Borrower may draw the term loan, we must have received the following, in form and substance satisfactory to us:

- 5.1 the executed Security;

- 5.2 credit reference searches and references;
- 5.3 a valuation of the Property, addressed to us by a surveyor or valuer acceptable to us;
- 5.4 the original signed Application Form;
- 5.5 a satisfactory Report on Title in respect of the Property by the Lenders appointed Solicitor;
- 5.6 a copy of a Contractors All Risk insurance policy in respect of the Property in the name of the Borrower evidencing that the Property is adequately insured for the term of the loan together with written confirmation from the insurer that our interest has been noted on the policy and that will be informed if the policy is cancelled;
- 5.7 documentation required by us to satisfy our "know your customer requirements" under applicable money laundering regulations in respect of Steven Graham Matthews. A copy of their current passport or driving license and a bank statement not more than three months old certified by the Borrower's acting Solicitor;
- 5.8 an undertaking will be required from the Borrowers solicitors on a full indemnity basis to be responsible for the Lending Solicitors fees whether or not this matter proceeds to completion;
- 5.9 the Borrowers solicitor to confirm that the Property is vacant and that no tenancies/licenses have been created;
- 5.10 an undertaking will be required from the Borrower, executed in the presence of their solicitor, confirming that no works to the property will be completed that contravene the current Approved Plans without our prior written consent;
- 5.11 the Borrowers solicitor to confirm that the property was purchased in the sum of £50,000;
- 5.12 sight of and satisfaction with the full detailed planning permission and Approved Plans for the erection of a terrace of 3 two storey dwellings after demolition of the existing workshop;
- 5.13 an undertaking will be required from the Borrower, executed in the presence of their solicitor, confirming they will commence buildings works within the agreed timeframe of the Approved Plans;
- 5.14 the Borrowers solicitor to confirm vehicular and pedestrian rights of way to the Property have been adequately secured;
- 5.15 the Borrowers solicitor to confirm rights of passage for all services have been adequately secured;
- 5.16 the Borrower to provide details of a supervising Chartered Architect/Surveyor acceptable to us, all costs of which to be met by the Borrower;
- 5.17 the Borrowers solicitor to confirm conditions 3 and 6 of the Planning permission dated 15th October 2009 have been discharged. A copy of the Investigation & Risk Assessment will be required prior to drawdown;
- 5.18 the Borrowers solicitor to confirm that the Property will be properly vested in the Borrower's name on or before completion of the Legal Charge;
- 5.19 the retention of £90,000 will be made available for drawdown in stage payments and will be subject to re-inspection of the Property by Hardie Brack.
- 5.20 such other evidence and documents as we may specify.

6 Drawdown

- 6.1 Subject to Clause 5 above the Borrower may draw the term loan by giving a Notice of Drawdown no later than 11.00 a.m. two days before the proposed date of drawdown.
- 6.2 In the event that the day for giving a Notice of Drawdown falls on a Saturday or Sunday or Bank or Public Holiday, Notice of Drawdown must be given on the preceding working day.

7 Fees and Expenses

The Lender operates a pricing policy which is the same for both direct customers and customers introduced by intermediaries. Where an intermediary is involved The Lender may pay commission, at its entire discretion, to the intermediary in acknowledgement of the work done in introducing the application. By signing this Facility Letter you consent to that payment being made.

- 7.1 The Borrower will pay to us on a full indemnity basis all legal fees and other fees and expenses incurred by us in connection with the Facility. The Borrower agrees that these and expenses fees will be deducted from the advance paid to the Borrower by us.
- 7.2 The Borrower will pay to us on drawdown of the term loan an Arrangement Fee of £2,500.00 which will be deducted from the advance paid to the Borrower by us.
- 7.3 The Borrower will pay to us on redemption of the legal charge referred to in Clause 4.1 a redemption fee of 3.90% of the amount of the gross term loan.

8 Payments

- 8.1 The Borrower will make all payments under the term loan without set-off or counterclaim and free and clear of any withholding or deduction (save as may be required by law) for any present or future taxes, duties or other charges. If the Borrower is obliged to make such withholding or deduction, the Borrower will pay to us additional amounts to ensure that we receive a net amount equal to the full amount we would have received if no such withholding or deduction had been required.
- 8.2 The Borrower will make all payments under or in respect of the term loan on the due date in pounds sterling to us at our account number 06078238 with Bank of Scotland Plc (sort code 12-08-95), or such other account as we may from time to time notify to the Borrower in writing.

9 Borrower's Covenants

- 9.1 The Borrower covenants not to use the Property as or in connection with a dwelling.
- 9.2 The Borrower covenants not to allow the Property to be used as or in connection with a dwelling by a Related Person.

10 Definitions and Interpretations

- 10.1 In this letter, unless the context otherwise requires:

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"Default Rate" means two point nine five per cent (2.95%) per calendar month of the gross facility;

"Event of Default" means any of the events or circumstances specified in Clause 11;

"Facility" means the term loan facility made available by us to the Borrower pursuant to this letter;

"Notice of Drawdown" means a written notice in the form set out in the Schedule to this letter requesting drawdown of the term loan;

"Property" means freehold land and buildings to be known as (Part of Title No. awaiting first registration at HM Land Registry);

"Related Person" means a Borrower's spouse (as well as any person (whether or not of the opposite sex) whose relationship with a Borrower has the characteristics of the relationship between husband and wife) parent, brother, sister, child, grandparent and grandchild;

"Repayment Date" means the date which is nine (9) months from the date of first drawdown of the Facility.

10.2 Any reference in this letter to:

10.2.1 statutes, statutory instruments and other legislation shall include all amendments, substitutions, modifications and re-enactments for the time being in force;

10.2.2 words importing the singular shall include the plural and vice versa and words denoting any gender shall include all genders;

10.2.3 this letter and to any provisions of it or to any other document referred to in this letter shall be construed as references to it in force for the time being and as amended, varied, supplemented, restated, substituted or novated from time to time;

10.2.4 a person is to be construed to include references to a corporation, firm, company, partnership, joint venture, unincorporated body of persons, individual or any state or any agency of a state, whether or not a separate legal entity;

10.2.5 any person is to be construed to include that person's assignees or transferees or successors in title, whether direct or indirect; and

10.2.6 clause headings are for ease of reference only and are not to affect the interpretation of this letter.

11 Default

Notwithstanding the other terms of this letter, we may cancel the Facility and the term loan and all interest on it and all other liabilities of the Borrower to us under the terms of this letter will become due and payable or repayable immediately on demand by us and interest on the term loan will be payable at the Default Rate, if any of the following circumstances occur;

11.1 the Borrower fails to pay any sum under this letter when due or the Borrower is in breach of any other provision of this letter;

11.2 the Borrower or any guarantor breaches any of the terms of the Security;

- 11.3 in our opinion the Security reduces in value or becomes in jeopardy;
- 11.4 any indebtedness of the Borrower, or any guarantor, is not paid when due or any indebtedness of the Borrower, or any guarantor, is declared to be or becomes due and payable prior to its specified maturity or any creditor or creditors of the Borrower, or any guarantor, becomes entitled to declare indebtedness of the Borrower, or any guarantor, due and payable prior to its specified maturity;
- 11.5 the Borrower, or any guarantor, becomes bankrupt or makes or seeks an arrangement with his creditors or an interim order is made under Section 252 (1) of the Insolvency Act 1986 in relation to the Borrower, or any guarantor, or if any steps or proceedings are taken which may lead to the occurrence of any such matters;
- 11.6 the Borrower repudiates this letter or the Borrower, or any guarantor, repudiates the Security or does or causes to be done any act or thing evidencing an intention to repudiate this letter or the Security;
- 11.7 at any time it becomes unlawful for the Borrower to perform or comply with any or all of its obligations under this letter or for the Borrower, or any guarantor, to perform or comply with all or any of its obligations under the Security or if such obligations cease to be legal, valid and binding;
- 11.8 any distress or execution is levied on or affects any of the property or assets of the Borrower, or any guarantor;
- 11.9 the Borrower dies or by reason of illness or incapacity the Borrower becomes incapable of managing its own affairs or becomes a patient under any mental health legislation;
- 11.10 there occurs, in our opinion, a material adverse change in the financial condition of the Borrower or any other event or circumstances arise which, in our opinion, is likely to materially and adversely affect the ability of the Borrower to perform all or any of its obligations under or otherwise comply with the terms of this letter or the Security to which it is a party.

12 Communications

- 12.1 Any demand or notice in respect of this letter and/or the term loan will be in writing and (without prejudice to any other effective means of serving it) may be served on the Borrower personally or by post to the Borrower or the Borrower's personal representatives at the place last known to us as the Borrower's usual residences or places of business.
- 12.2 Any such demand or notice delivered personally shall be deemed to have been received immediately upon delivery. Any such demand or notice sent by post shall be deemed to have been received at the opening of business on the first working day following the day on which it was posted, even if returned undelivered.

13 General

- 13.1 Time shall be of the essence in respect of the Borrower's obligations under or in respect of this letter but no failure by us to exercise or delay by us in exercising any right or remedy under or in respect of the term loan shall operate as a waiver of it, nor shall any single partial or defective exercise by us of any such right or remedy preclude any other or further exercise of that or any other right or remedy.
- 13.2 Where two or more persons are named as the Borrower they shall each be jointly and severally liable under this letter.
- 13.3 This letter is governed by English Law.

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We advise the Borrower to take such legal advice, as the Borrower may consider necessary, for the acceptance of this offer.

We reserve the right to amend, vary or withdraw this offer at any time before the term loan is made and without being liable to disclose any reason therefore and any decision hereunder shall be at our absolute discretion.

To accept the terms and conditions of this letter, please sign and return the enclosed duplicate within seven (7) days from the date of this letter, failing which the terms of this will lapse and the facility will not be available.

Yours sincerely

A handwritten signature in black ink, appearing to be 'BAO', written over a horizontal line.

For and on behalf of
[Illegible text]

A handwritten mark consisting of a circled number '8' with a horizontal line above it.

The Borrower agrees and accepts the terms of this letter and declares as follows:

**Declaration for exemption relating to businesses
(sections 16B and 1891(1) and (2) Consumer Credit Act 1974)**

I am/We are* entering this agreement wholly or predominantly for the purposes of a business carried on by me/us* or intended to be carried by me/us*.

I/We* understand that I/we* will not have the benefit of the protection and remedies that would be available to me/us* under the Consumer Credit Act 1974 if this agreement were a regulated agreement under that Act.

I/We* understand that this declaration does not affect the powers of the court to make an order under section 140B of the Consumer Credit Act 1974 in relation to a credit agreement where it determines that the relationship between the creditor and the debtor is unfair to the debtor.

I am/We are* aware that, if I am/we are* in any doubt as to the consequences of the agreement not being regulated by the Consumer Credit Act 1974 I/we* should seek independent legal advice.

**Delete as appropriate*

Signed:

Mr ~~XXXXXXXXXX~~

Dated:2011

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Schedule

(Form of Notice of Drawdown)

To:

Debt Finance
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Re: Term Loan Facility of £100,000

As required under Clause 6.1 of the facility letter dated 5th April 2011 ("the Letter") addressed by you to us in respect of the Facility, I/we now give you notice of my/our intention to drawdown as follows:-

1. Date of Drawdown:
2. Amount: £10,000
3. Payment Instructions:

I/We confirm that no Event of Default has occurred and is continuing or would occur from the proposed drawdown.

Words and expressions in this notice shall bear the meanings ascribed thereto in the letter.

Signed:.....

Mr. [Name]

Dated:2011

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