

Mr D W & Mrs S E

24 June 2011

Our Ref: 65374/01

Dear Sir & Madam

We refer to your recent request and are pleased to advise you that we are prepared to offer you a loan of £101,500.00 to raise working capital.

The loan is subject to the following terms and conditions ("the Loan Conditions"):

1. SECURITY REQUIREMENTS

We will require as security:

- 1.1. A first legal charge over the freehold property known as ("the Security Property").
- 1.2. A Deed of Assignment of Rental Income.

The security will be in our standard form and will be for the benefit of and secure all your liabilities to each and every company in the Group of companies.

2. LOAN DETAILS

- 2.1. The borrowers are:  
Mr  
Mrs
- 2.2. The amount of the loan is £101,500.00 including the sum of £1,500.00 in respect of our arrangement fee.
- 2.3. The Loan must be repaid in full no later than the 22nd anniversary of the date of completion ("the Termination Date").

### 3. REPAYMENT TERMS

3.1. Subject to any provisions in 3.2. below:

1. The Loan will be repaid in monthly instalments.
2. Subject to any changes in the Interest Rate ("the Interest Rate") and to the Loan Conditions below, the first instalment will be £606.35.
3. You must pay us interest on your Loan and all sums falling due under it (including any unpaid interest) at the Interest Rate.
4. The Base Rate in respect of this Loan is a variable rate and will on any day be Bank of England REPO Rate ("the Base Rate").
5. The Interest Rate is whichever is the greater of the Minimum Rate or the sum of the Base Rate and the Interest Rate Margin ("the Interest Rate Margin").
6. The Interest Rate Margin is 4%.
7. The Base Rate at today's date is 0.5%.
8. The Minimum Rate is 3% ("the Minimum Rate").

3.2. Monthly instalments are to be paid by you as follows:

1. The Monthly instalments are payable in arrears commencing one month (to the nearest working day) following the Month in which you take up the Loan.
2. You must pay a Monthly instalment each Month thereafter until the Termination Date or, if earlier, until the date that your total indebtedness to us has been discharged.
3. In the event that at the Termination Date there remains any indebtedness to us, such sum will be repayable on demand.
4. The instalment will be the aggregate of:
  1. all interest payable by you by the instalment calculated in accordance with the Standard Conditions;
  2. such payment of principal in reduction of the total sums due under this facility as we may determine may be necessary to be paid in any Month to achieve repayment of the balance on your account by no later than the Termination Date;
  3. any other sum which has fallen due and which we have agreed may be paid by Monthly Instalment.

3.3. The repayments referred to above shall be reviewed by the Bank on an annual basis at least and shall be subject to any variation to such amount as the Bank deems necessary to ensure that the Loan is repaid by the Final Repayment Date. In the event of any fluctuations in the Bank's Base Rate not being reflected in revised repayments being implemented following any review undertaken during the agreed term, then an additional payment from you or refund by us to you (as the case may be) may be required at the end of the agreed term. The amount of any such additional payment or refund will reflect the fact that repayments made by you (until such time as they may have been reviewed and

(revised repayments implemented) have not reflected fluctuations in the Bank's Base Rate after any such fluctuations occur.

#### 4. SPECIAL CONDITIONS TO BE SATISFIED BY THE BORROWER(S)

The following Special Conditions are to be addressed to our, and/or to our advisors entire satisfaction:

- 4.1. As a condition of this commercial loan you must open a business bank account with the \_\_\_\_\_ from which the commercial loan Direct Debit payment will be taken. You must maintain this account while you remain a customer of \_\_\_\_\_ and it must be in place on or prior to completion of the loan facility.
- 4.2. We require you to provide appropriate identification, preferably a photocopy of a valid passport or driving licence with photograph.
- 4.3. We require sight of a valuation report on \_\_\_\_\_ that is to be undertaken by our panel valuer. The cost of this is to be borne by you and we look forward to receiving your payment of £516 when returning this letter of offer. Please note we reserve the right to withdraw, alter or otherwise modify this offer if the report is not to our entire satisfaction.

We will require the Valuer is to comment on the re-let/re-sale.

Any valuation report addressed to us is valid for a period determined by the valuer subject to a maximum period of 4 months. If completion of the loan has not taken place within that period then we will require the valuer to provide written confirmation that we may still rely on their original valuation for a further 4 months period. This will be at your expense. If the valuer so chooses, they may revalue the property and this will be at your expense. Similarly, should, as a result of the re-inspection/revaluation, there be a reduction in values, we will reserve the right to reduce, amend or withdraw our commitment to lend in line with our prevailing lending terms, which vary from time to time.

- 4.4. We will require the accountant to confirm that there will be no major changes to the management figures provided for \_\_\_\_\_ in the final accounts. This must be to our entire satisfaction.
- 4.5. We shall require to be in possession of a fully completed and signed Direct Debit Authority and we will need this prior to completion of the facility.
- 4.6. You undertake to pay or direct payment of any rents received on the security property into a \_\_\_\_\_ business bank account.

#### 5. SPECIAL CONDITIONS TO BE SATISFIED BY SOLICITORS

The following Special Conditions are to be addressed to our, and/or to our advisors entire satisfaction:

- 5.1. We require our solicitors to confirm a lease(s) is in place for \_\_\_\_\_ with a minimum rental income of £7,000 per annum, and terms and conditions to be to our solicitors entire satisfaction.

5.2. We require sight of the Assured Shorthold Tenancy for ( ) with a minimum rental income of £5,700 per annum and the terms and conditions are to be to our solicitors' entire satisfaction.

## 6. OTHER SPECIAL CONDITIONS

The following Special Conditions are for your information:

- 6.1. You have the right at any time within the first two years following completion, to discharge your indebtedness to us in full upon payment of the then outstanding balance on your account plus six months interest calculated at the rate prevailing immediately prior to payment. You will have the right at any time thereafter, up to the end of the fifth year following completion, to discharge your indebtedness to us in full from payment of the then outstanding balance on your account plus three months interest calculated at the rate prevailing immediately prior to payment. You will then have the right at anytime thereafter, to discharge your indebtedness to us in full by making payment of the then outstanding balance on your account having previously given three clear months written notice of your intention to redeem or if no such notice is given, upon payment of the outstanding balance plus three months interest at the rate prevailing immediately prior to payment.
- 6.2. Subject to any agreed retention the loan must be completed by 24/12/2011. So if you fail to do so the Bank shall be entitled to withdraw or amend this offer.
- 6.3. The Deed of Assignment of Rental Income will not be enforced unless there is an event of default under the terms of the Letter of Offer or the security documentation.

## 7. STANDARD CONDITIONS

7.1. In these Loan Conditions:

1. "we", "us" and "our" mean ( ) and its successors and assignees;
2. "Month" or "Monthly" mean a calendar month;
3. "Instalment Period" means the period between the instalments by which you repay the Loan or interest on the Loan.
4. "Business Day" means a day (other than a Saturday or Sunday) on which banks open for general business in London.
5. "Change of Control" means in relation to a company, that any person or group of persons acting in concert gains direct or indirect Control of that Company.
6. "Control" in relation to a company means
  - (a) having the power to
    - (i) appoint or remove all or the majority of the directors of that company or
    - (ii) give instructions in respect of the operations or business which the directors are obliged to comply; and/or
  - (b) holding or controlling the voting rights in respect of at least 50% of the issued share capital of that company.

7. "Finance Documents" means this Offer Letter, each security document, each guarantee or other form of assurance from you to us in respect of any of the obligations of you as a borrower, any hedging agreement or any other document that may be designated as a Finance Document by both you and us.

8. "Financial Indebtedness" means any indebtedness owed to any person for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would (in accordance with generally accepted accounting principles in the United Kingdom) be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any hedging transaction entered into in connection with protection against or benefit from fluctuation in any rate or price; (and when calculating the value of that transaction the marked to market value shall be taken into account);
- (g) any counter indemnity in respect of any guarantee, bond, letter of credit or other instrument issued by a financial institution;
- (h) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind entering into the agreement is to raise finance or the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply;
- (i) any amount raised under any other transaction having the commercial effect of borrowing; and
- (j) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) - (i) above.

7.2. In the event of the Base Rate ceasing to exist, then the Interest Rate shall be set to such other rate or rates (with or without a margin) as we may reasonably determine from time to time.

7.3. Unless the repayment terms in section 3 above otherwise provide, interest will accrue at the Interest Rate on a day to day basis on the outstanding balance. Interest is debited in arrears at the end of each Instalment Period.

7.4. If and so long as any part of the Loan is interest only and the Instalment Period is Monthly, the amount of interest on that part which you must pay in arrears at the end of each Instalment Period is calculated by us annually in advance based upon the interest rate current at the date of our calculation and then divided into twelve equal amounts. The difference between the amount of interest which is so paid in each instalment and the amount which is actually charged will be debited or credited to your account as the case may be. We reserve the right in our absolute discretion to change this method of calculation so that, instead you are debited in arrears at the end of each Month with the amount of interest which has actually accrued during that Month.

7.5. If the Base Rate changes whether between the date of this letter and the date you take up this Loan or at any time, we reserve the right to amend the instalment (including the first) at any time and from time to time (whether or not we have previously exercised the right) so that the instalments incorporate:

- the interest accruing to your account; and;
2. such payment of principal in reduction of the total sums due under this facility as we may determine may be necessary to be paid by any instalment to achieve repayment of the balance on your account by the Termination Date;
  3. any other sum which has fallen due and which we have agreed may be paid by instalment.
- 7.6. Our legal costs will be payable by you whether the transaction proceeds to completion or not. The amount of these fees is set out in the attached 'Guide to Fees'.
- 7.7. No letting (or future letting) of any part of the Security Property(ies) is/are to be made without our prior written consent.
- 7.8. The Bank reserves the right to instruct a valuation of any security charged to the Bank where there are identifiable factors that change the risk profile of the advance made to the borrower. The Borrower will allow such reasonable access as is required for this purpose and will be liable for the costs of no more than one such valuation in any 12 month period unless an Event of Default has occurred.
- 7.9. . . . . . operates a pricing policy which is the same for both direct customers and customers introduced by intermediaries. Where an intermediary is involved the Bank may pay commission, at its entire discretion, to the intermediary in acknowledgement of the work done in introducing the application. By signing this offer you consent to that payment being made.
- 7.10. We reserve the right to alter, modify, vary, or withdraw this offer at any time before the loan is taken up by you and an account has been opened in our books without being liable to disclose any reason therefore and any decision hereunder shall be at our absolute discretion.
- 7.11. Where we are lending to more than one borrower, each borrower is liable to us individually, as well as together with the other borrower(s) under this transaction.
- 7.12. If at any time during the term of the loan repayment of the loan is in arrears to the extent of two or more contractual instalments we will require a sum in compensation for our increased administrative expense equal to one Month's interest. Such interest will be debited and charged at the Interest Rate applicable on the outstanding balance immediately prior to the date of complete repayment or the Termination Date, whichever is the earlier and will form part of the balance to be paid.
- 7.13. We may assign, transfer or otherwise dispose of this agreement and any security given under it and any amounts owed to us hereunder to any person without your consent and in that connection you consent to the disclosure by us of the relevant information to any actual or proposed purchaser, assignee or transferee or to any other person in connection with such sale, assignment or transfer.

## **8. EVENTS OF DEFAULT**

The Loan and all amounts debited to the Loan Account are due and repayable on demand by us but we will not make such a demand unless there has been an Event of Default. Each of the following is an Event of Default:

8.1. A Borrower fails to pay any amount due under the Finance Documents on its due date for payment and in accordance with the Finance Documents unless the failure to pay is due to a technical error in the transmission of funds and payment is made within 2 Business Days.

8.2. The Borrower fails to comply with any Financial Covenant under the Finance Documents.

8.3. Any Borrower fail to comply with any provision of the Finance Documents and, if that failure to comply is capable of remedy, it is not remedied within 10 Business Days of the earlier of the Lender giving notice to the Borrower or that Borrower becoming aware of the failure to comply.

8.4. Any representation or statement made by a Borrower in any Finance Document or any document delivered to the Lender under or in connection with any Finance Document is incorrect or misleading when made or deemed to be made.

8.5.

1. Any Financial Indebtedness of a Borrower is not paid when due nor within any originally applicable grace period.

2. Any Financial Indebtedness of a Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

3. Any facility for Financial Indebtedness offered to a Borrower is withdrawn, cancelled or suspended by a creditor of that Borrower as a result of an event of default (however described).

4. Any creditor of a Borrower becomes entitled to declare any Financial Indebtedness of that Borrower due and payable prior to its specified maturity as a result of an event of default (however described).

8.6. Any Borrower is unable or admits an inability to pay its debts or, by reason of actual or anticipated financial difficulties suspends payment of any of its debts or enters into negotiations with any of its creditors with a view to rescheduling its debts.

8.7. Any step is taken with a view to:

1. the winding up, dissolution, administration or any analogous procedure in respect of any Borrower;

2. the appointment of a receiver, trustee in bankruptcy, liquidator, administrator or other similar officer of any Borrower or its assets other than the presentation of a winding up petition which is frivolous and vexatious and is dismissed within 10 Business Days or if earlier, prior to the date on which it is advertised; or

3. the rescheduling of the debts of any Borrower pursuant to a reorganisation, voluntary arrangement or otherwise.

8.8. Any steps are taken to enforce any Security over the assets of any Borrower.

1. Any distress, execution or similar process affects the assets of any Borrower and is not discharged within 10 Business Days.

8.9. It becomes unlawful for any Borrower to perform its obligations under the Finance

**Documents:**

- 8.10. Any Security created or expressed to be created by any Finance Document is not or ceases to be valid and effective.
- 8.11. Any Finance Document ceases to be legal, valid, binding or enforceable.
- 8.12. Any Borrower ceases to carry on all or a material part of its business or operations.
- 8.13. If the Borrower is a company, a Change of Control occurs.
- 8.14. Any Borrower who is an individual dies or lacks mental capacity.
- 8.15. Any Borrower which is a body corporate or a limited liability partnership is dissolved or wound up.
- 8.16. Any Borrower which is a trust or partnership is dissolved, terminated or wound up.
- 8.17. Any event occurs or circumstances arise which have a Material Adverse Effect.
- 8.18. Any other event or circumstance specified as being an Event of Default in the Facility Letter occurs.
- 8.19. While any Event of Default is continuing, the Lender may by giving notice to the Borrower:
  1. cancel all or any part of the Facility; and/or
  2. demand immediate repayment of all or any part of the Loan, together with accrued interest (including default interest) and any other sums outstanding under any Finance Document; and/or
  3. declare that all or any part of the Loan is repayable on demand.

**9. ENFORCEMENT**

- 9.1 On the occurrence of an Event of Default and for so long as such is continuing, the Bank may by notice to the Customer at any time thereafter:
  - 9.1.1 terminate its obligations under this Agreement, whereafter the same will be so terminated and/or;
  - 9.1.2 declare all amounts outstanding in respect of the Loan, accrued interest and all other amounts outstanding to be (i) immediately due and payable, whereas the same will become forthwith due and payable without further demand or (ii) payable on demand whereupon the same will become repayable on demand being made by the Bank; and/or,
  - 9.1.3 take any other action or pursue any other remedy deemed by the Bank to be necessary to enforce its rights under this agreement.
- 9.2 Following a demand under this Clause interest shall continue to be charged on any monies remaining unpaid before as well as after judgement.

**10. ACCEPTANCE**

If you wish to take up the Loan will you please sign one copy of this Letter of Offer and return it to this office within fourteen days of today's date together with a note of the name and address (on the attached sheet) of the Solicitors who will be acting for you in this matter.

Please also forward your cheque for £500 being a commitment fee. This sum will be sent to our solicitors on completion to be used as a contribution towards their legal costs. Any sum remaining will be refunded to you but will be forfeited in the event that the loan does not proceed to completion.

Yours faithfully

Authorised Signature: ..... *Kaprielis* .....  
.....

Authorised Signature: ..... *[Signature]* .....  
.....

We acknowledge and accept the above terms and conditions.

Signed: .....  
Mr

Date:.....

Signed: .....  
Mrs

Date:.....