

HSBC UK Bank plc

**SCOTTISH RESIDENTIAL SECURITY
CONDITIONS**
(2018 edition)

Dated 28 June 2018

Registered 29 June 2018

HSBC UK Bank plc
Scottish Residential Security Conditions (2018 edition)

We, HSBC UK Bank plc, a company incorporated under the Companies Acts (Company Number 09928412) and having our Registered Office at 8 Canada Square, London, E14 5HQ CONSIDERING THAT we are about to make advances secured by Standard Securities in our favour HEREBY DECLARE that such Standard Securities will be regulated by the Standard Conditions specified in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 and unless and until otherwise provided, by the following terms and conditions, which include variations to those Standard Conditions.

These Conditions apply to the Standard Security you give to HSBC UK Bank plc.

Interpretation

- 1
- (a) "Borrower" (which shall additionally have the meaning set out in paragraph 3 of these Conditions) means all and any person (if any) named in the Standard Security as the Borrower.
 - (b) "Conditions" means these Scottish Residential Security Conditions (2018 edition).
 - (c) "Debt" means the Debt as defined in the Standard Security.
 - (d) "Moveable Property" means any furniture, goods, vehicles, equipment, plant and machinery or other moveable property on the Property (whether attached or not).
 - (e) "Property" means the whole or any part of the Property described in the Standard Security (including all buildings, fixtures and fittings on the Property now, or at any time after the date of the Standard Security).
 - (f) "Standard Security" means the standard security you give to the Bank which incorporates these Conditions.
 - (g) "Standard Conditions" means the standard conditions contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970, a copy of which is attached to these Conditions.
 - (h) "Standard Variable Rate" means the standard variable rate (or such other rate as may replace it) that applies or will apply to the Debt, or any part of it, under the terms of the Bank's agreement with the Borrower.
 - (i) "the Bank" means HSBC UK Bank plc, a company incorporated under the Companies Acts (Company Number 09928412) and having its Registered Office at 8 Canada Square, London, E14 5HQ and any person who is entitled at any future date to exercise all or any of the Bank's rights under the Standard Security.
 - (j) "you" means the Proprietor named in the Standard Security. Words such as "your" and "yours" should be read in this way. If there is more than one of you, the Standard Security applies to each of you individually as well as together. This means that if you or any of you fail to comply with any of the obligations under the Standard Security, the Bank may enforce the obligations under the Standard Security against all or any of you.
- 2 In these Conditions:
- (a) the headings are used for guidance only;
 - (b) any reference to a person includes a body corporate;
 - (c) any reference to any statute, or any section of any statute, includes reference to any statutory modification or re-enactment of it for the time being in force;
 - (d) references to the singular include the plural and vice versa.

The Borrower

- 3
- (a) If there is more than one person named as Borrower in the Standard Security, the Standard Security will secure the Debt of them together and each of them individually and of all or any of them with any other person.
 - (b) If the Borrower comprises trustees of a trust the Borrower includes all persons from time to time being trustees of that trust even though there may be:
 - (i) any change in constitution or name of that trust;
 - (ii) any amalgamation with any other person; or
 - (iii) any death, retirement, resignation or addition to any of the trustees.

What you agree in relation to the Property

Insuring the Property

- 4
- (a) You must insure the Property against all usual risks with an insurer to its full reinstatement value as follows:
 - (i) the policy must remain in force until the Standard Security is discharged;
 - (ii) you must pay all premiums immediately they become due;
 - (iii) you must inform the insurer of the Bank's interest and, if the Bank reasonably requires, you must ask them to insure the Property in the joint names of both you and the Bank;
 - (iv) you must not do anything which might invalidate the insurance or which might reduce or limit the cover provided so that the Property is no longer insured against all usual risks to its full reinstatement value.
 - (b) The Bank may, on occasion, require you to provide it with a copy of the policy and or any schedules to the policy in order to satisfy itself that you have complied with your obligations under this condition and that the policy and cover provided adequately protect the Bank's (although not your) interest in the Property. The Bank may also ask you, on occasion, to provide reasonable evidence of payment of the policy premium.
 - (c) You may choose whether any money payable at any time under the policy in respect of the Property is used in making good the damage or loss that was the reason for the claim or paid to the Bank to discharge or reduce the Debt (or a combination of both) unless the Property cannot be repaired or the Standard Security has become enforceable in the circumstances set out in either paragraph 10 of these Conditions or Standard Condition 9 in which case that money must be paid to the Bank to discharge or reduce the Debt.

Looking after the Property

- 5
- (a) You must keep the Property in good repair and condition and, if necessary, without delay and in a good and workmanlike manner complete, renew, rebuild or reinstate all buildings and any erections and fixtures in or upon the Property to the reasonable satisfaction of the Bank.
 - (b) You must not neglect the Property or do anything else to reduce its value.
 - (c) You must not, without the Bank's prior written consent, pull down or remove the whole or any part of any building or remove or detach any fixture or fitting.
 - (d) If you, or anyone else, removes or detaches any fixture or fitting or, if any is destroyed or damaged, you must immediately replace or repair it with one of the same or better quality.
 - (e) Nothing in this condition requires you to make good damage to the Property where you have paid the money payable under the insurance policy in respect of that damage to the Bank to discharge or reduce the Debt.

Use of the Property

- 6
- (a) You must not, without the Bank's prior written consent, carry on any trade or business at the Property and, if consent is so given, then you must carry on that trade or business in accordance with standards of good management current from time to time in that trade or business.
 - (b) You must use the Property in accordance with the use authorised by the local planning authority for the Property.
 - (c) You must carry on any agricultural use of the Property in accordance with standards of good farming current from time to time.
 - (d) You must not, without the Bank's prior written consent:
 - (i) carry out any development that requires planning permission from your local planning authority; and/or
 - (ii) make or allow any change of use from the use authorised by the local planning authority for the Property as at the date of the Standard Security.

Your other responsibilities

- 7
- (a) You must comply with all obligations affecting the Property from time to time.
 - (b) You must immediately pay all rent and service charges and comply with all obligations under any lease of the Property.
 - (c) If the Bank reasonably requires, you must produce evidence sufficient to satisfy the Bank that you have complied with (a) and (b) above.
 - (d) You must comply with all statutes and regulations affecting the Property.
 - (e) If you receive or become aware of any notice or proposal affecting the Property or its neighbourhood:
 - (i) you must inform the Bank immediately; and
 - (ii) if the Bank reasonably requires, you must at your own cost either take all reasonable and necessary steps to comply with the notice or proposal or join with the Bank in making objections or representations.

Inspection and valuation of the Property

- 8
- You will allow the Bank, its agent or surveyor or any person authorised by it, to enter and inspect or value the Property at any reasonable time on reasonable notice (except in case of emergency). Where the Bank reasonably requires a valuation of the Property, you agree that this will be at your expense.

Safeguarding the Bank's Security

- 9
- (a) You must not, without the Bank's prior written consent:
 - (i) grant any conveyance, transfer or assignation of the Property or any part of it;
 - (ii) grant any other security or charge over the whole or any part of the Property;
 - (iii) grant any servitude, wayleave, real or title condition, real or personal burden or other rights over the Property or any part of it;
 - (iv) waive, release or vary the obligations of any other person in relation to the Property;
 - (v) negotiate, settle or waive any claim for loss, damage or other compensation affecting the Property, for example, compulsory purchase;
 - (vi) enter into any agreement under Section 75 of the Town and Country Planning (Scotland) Act 1997 in relation to the Property or any part of it;
 - (vii) apply for any improvement or other grant in respect of the Property or any part of it;
 - (viii) part with possession of the Property or any part of it or grant or agree to grant to any person any lease, sub-lease, licence, right or interest to occupy the Property or any part of it;
 - (ix) give any consent where the Bank's consent is required in terms of any lease, sub-lease, licence or right or interest affecting the Property or any part of it;
 - (x) accept or agree to accept any renunciation or surrender of any lease or sub-lease of the Property or any part of it;
 - (xi) vary the terms of any lease, sub-lease, right or interest affecting the Property or any part of it;
 - (xii) agree the level of any rent payable at any rent review under any lease, sub-lease, licence, right or interest affecting the Property or any part of it;
 - (xiii) consent to any sub-letting of the whole or any part of the Property;
 - (xiv) where the Property is held by you under a lease or sub-lease:
 - (1) vary the terms of that lease or sub-lease; or
 - (2) agree the level of any rent payable at any rent review under that lease or sub-lease or the appointment of any arbiter or expert.

- (b) You must do everything necessary to help the Bank to:
- (i) confirm or protect its interest in the Property; and
 - (ii) exercise any of its rights under the Standard Security.
- This includes immediately signing and delivering documents or doing anything else the Bank reasonably requires, whether or not the Standard Security has become enforceable.

When the Standard Security becomes enforceable

- 10 The Standard Security shall become enforceable (and you and any Borrower shall be in default) if any of the circumstances set out in this condition (which are in addition to the circumstances set out in Standard Condition 9) occur:
- (a) the Debt, or any part of it, is not paid or discharged when due;
 - (b) you are in breach of any of your material obligations under the Standard Security;
 - (c) you, or any of you, or any Borrower, enter into any arrangement with creditors (including a trust deed for creditors or a debt payment programme under the Debt Arrangement and Attachment (Scotland) Act 2002) or are made bankrupt or are sequestrated or a receiver or trustee is appointed over a substantial part of your assets or the assets of the Borrower or any of you or any Borrower is subject to similar proceedings;
 - (d) the whole or any part of the Property is acquired under compulsory purchase powers;
 - (e) anyone enforces any security over the Property or any part of it or if anything else happens which might adversely affect the Standard Security; or
 - (f) any other event occurs that makes the Standard Security (or any other security for the Debt) enforceable.

Bank's Rights on Default

- 11 In addition to the rights set out in Standard Condition 10, the Bank shall have the following rights on default:
- (a) to make any exchange or arrangement as to boundaries with neighbouring proprietors or others;
 - (b) to redeem any security over the Property or any part of it or to procure the transfer of that security to itself; and
 - (c) to sever, remove, store, sell or otherwise deal with the Moveable Property (subject to the Bank having given seven days' notice to you to remove the Moveable Property and it has not been removed within that seven day period) subject only to an obligation to account to you for any price received by the Bank for any of the Moveable Property net of the costs incurred by the Bank in selling or otherwise dealing with the Moveable Property. The Bank shall not be liable for any loss or damage to you, and you and the Borrower shall, jointly and severally, pay the Bank the amount of any losses or expenses incurred by the Bank in relation to the Moveable Property including any claims by third parties in relation to the removal or dealing by the Bank with any Moveable Property in which the third parties have an interest.

Power of Attorney

- 12 You, and if there is more than one of you, each of you, irrevocably appoint the Bank, as your attorney, to do anything that the Bank considers necessary to:
- (a) perfect or protect the Standard Security; or
 - (b) exercise any rights or powers conferred on the Bank under it.

Making good your defaults

- 13 (a) If at any time you fail to comply with any of your obligations under the Standard Security, the Bank may do anything which, in its reasonable opinion, may be required to remedy the failure.
- (b) For the purposes of (a) above, the Bank or its agents may (but having no duty or liability to you to do so) enter the Property and if it does so, it shall not be deemed to have entered into possession of the Property.

Payment of the Bank's Fees, Expenses and Costs

- 14 (a) You must pay all fees, expenses, liabilities and legal and other costs reasonably incurred by or charged to the Bank relating to:
- (i) the administration, protection and enforcement (including the costs of any legal proceedings) of the Standard Security;
 - (ii) insuring the Property in the event of a breach of the obligation to do so contained in paragraph 4 of these Conditions; and
 - (iii) the exercise by the Bank of its rights and powers under the Standard Security.
- (b) Any money incurred under (a) above (whether demanded or not) will be added to the Debt, unless you are giving the Standard Security to secure the Debt of another person or persons named as Borrower in the Standard Security, in which case, such amounts will be debited to an account in your name with the Bank and, once debited, will carry interest at the Standard Variable Rate from time to time calculated monthly and/or according to the Bank's then current practice and shall be payable on demand.

Independence and duration of the Standard Security

- 15 (a) The Standard Security is in addition to, and independent of, any other security which the Bank may hold at any time for any of the Debt.
- (b) The Standard Security remains continuing security against you, and if there is more than one of you, each of you, and your executors or personal representatives until the Bank discharges it.

Determination

- 16 This condition applies if you give the Standard Security to secure the Debt of another person or persons named as Borrower in the Standard Security. You can give three months' notice to the Bank to determine the continuing nature of the Standard Security. If you do this it means that the Debt that is secured by the Standard Security will be:
- (a) limited in amount to the amount of the Debt that is owed (whether actually or contingently and whether or not demand shall have been made) to the Bank by the Borrower on the date that is three months after actual receipt by the Bank of the notice; and
 - (b) money agreed to be paid by you under paragraphs 14 and 23 of these Conditions whether such amount is due before or after expiry of the date that is three months after actual receipt by the Bank of the notice.

Retention of the Standard Security

- 17 If the Bank reasonably requires, it may decline to discharge the Standard Security unless it is satisfied that any payment of the Debt will not be avoided whether as an unfair preference or otherwise.

The Bank's powers to deal with Accounts and Money received

- 18
- (a) If the Bank receives notice of any subsequent standard security or other interest affecting the Property, or notice of determination under paragraph 16 of these Conditions, the Bank may open a new account or accounts for you or any Borrower (as the case may be). If the Bank does not do so, then all payments made to the Bank after receipt of the notice, or expiry of the three month period following receipt of notice of determination (as the case may be), (other than those expressly put aside for a particular purpose) shall be treated as having been credited to a new account in your or the Borrower's name instead of reducing the Debt.
 - (b) If the Standard Security is given for your Debt, and the Bank has more than one account for you, if the Standard Security becomes enforceable or the Bank receives any notice mentioned in (a) above, the Bank may at any time, without prior notice, transfer any credit balance in or towards discharge of any debit balance on any of your accounts. The Bank will notify you of the transfer.
 - (c) If the Bank has any other security over the Property, the Bank shall be able to appropriate (that means putting aside for a specific purpose) any money received under the other security.
- 19
- (a) All money received by the Bank under the Standard Security may, in the Bank's reasonable discretion, be credited to, and held in, a separate account in your name for so long as the Bank may reasonably think fit until the money, and any interest on it, is used by the Bank in or towards discharge of the Debt.
 - (b) Any money credited to an account under paragraph 19(a) above shall earn interest from the date of payment into the account at the following rate or rates:
 - (i) if and to the extent that the money is used in or towards discharge of the Debt, at the rate or rates applicable from time to time to the Debt which it discharges;
 - (ii) if and to the extent that the money is not used in or towards discharge of the Debt, and is later returned to you, simple interest at a rate to be agreed or, in default of agreement, at a reasonable investment rate.

Currency Conversion

- 20 The Bank may convert any money received under the Standard Security from the currency in which it is received into any other currency that the Bank requires for the purpose of, or pending, the discharge of the Debt. Any conversion will be effected at the Bank's then prevailing rate of exchange for that currency. References in this condition to currency, include funds of that currency and the Bank may convert funds of one currency into different funds of the same currency.

Restrictions on Recovery by You

- 21 This condition applies if you give the Standard Security to secure the Debt of another person or persons named as Borrower in the Standard Security.
- Unless the Debt has been paid in full, and until the Bank discharges the Standard Security:
- (a) you will not benefit from any rights the Bank may have, or any security (whether by way of standard security, guarantee or otherwise) the Bank may hold, on account of the Debt;
 - (b) without the Bank's prior written consent, you will not exercise or enforce (or seek to exercise or enforce) any rights which you may have against the Borrower, or any other person, which arise by reason of payment of the Debt;
 - (c) any money or asset which you receive by reason of the rights mentioned above will be held by you on behalf of the Bank in trust and will be applied as if the money or asset were received by the Bank under the Standard Security;
 - (d) you will hold any security given to you (now or in the future) for giving the Standard Security in trust for the Bank and will comply with the reasonable requests of the Bank relating to the transfer of that security; and
 - (e) you waive any right of set-off you may have now, or at any time in the future, in respect of the Debt. This means that if the Bank owes money to you, you cannot deduct these monies from the amount of the Debt.

Dealings with You, the Borrower and Others

- 22 You agree that the Bank may without releasing or otherwise affecting the Standard Security as security for the Debt:
- (a) give any loan, credit, financial accommodation or other facility ("the Facilities") to any Borrower (whether alone or with any other person) for whom you have given the Standard Security as may be agreed between the Bank and any Borrower. This means that the level of the Debt may increase without your knowledge;
 - (b) extend, increase, renew, determine or otherwise vary the Facilities;
 - (c) take any other security for the Debt (whether by way of standard security, guarantee or otherwise);

- (d) make any arrangement in respect of the Debt, or any other security for it, with you, or if there is more than one of you, any of you, any Borrower for whom you have given the Standard Security or any other person (whether by way of giving time or other indulgence, variation, exchange, release, modification, refraining from perfection or enforcement or otherwise); or
- (e) do, or not do, anything which might otherwise discharge or affect the Standard Security as security for the Debt.

You further agree that the Standard Security as security for the Debt will not be affected by any other events or circumstances which, but for these provisions, might otherwise so affect it.

Irregularities in other securities - Incapacity of the Borrower - Indemnity

- 23 This condition applies if you give the Standard Security to secure the Debt of another person or persons named as Borrower in the Standard Security.
- (a) The Standard Security will not be discharged or otherwise affected as security for the Debt by any invalidity or unenforceability of, or irregularity or defect in, any other security for the Debt (whether by way of standard security, guarantee or otherwise) which the Bank may hold now, or at any time in the future.
 - (b) You agree, as a separate obligation, to pay the Bank all losses occasioned by, or arising from, any legal limitation, disability or want of capacity or authority of, or affecting, the Borrower or any person acting or purporting to act on behalf of the Borrower regarding the Debt. The Bank will only look to enforce this obligation by realisation of the Property.

Negligence in realisations

- 24 The Standard Security shall not be affected as security for the Debt by any neglect by the Bank, or by any third party appointed by the Bank, in connection with the realisation of any other security (whether by way of standard security, guarantee or otherwise) which the Bank may hold now, or at any time in the future, for the Debt.

Not enforcing the Bank's rights

- 25 The Bank (or any third party acting on its behalf) may occasionally allow you extra time to comply with your obligations or decide not to exercise some of its rights. However, it can still insist on the strict application of these terms later on.

Notices

- 26 Any communication under the Standard Security may be served:
- (a) by letter, sent by post to, or left at, your last known address or the Property and if sent by post, it will be deemed to have been made or given seven business days (Monday to Friday, except public holidays in Scotland) after it was posted; or
 - (b) by fax or other electronic means to your last known fax number or electronic mail address and it will be deemed to have been served at the time of transmission unless we receive a notice that the communication has not been delivered.

If the Bank is unable to send a communication to all of you (where there is more than one of you) sending the communication to any one of you is deemed to be sending it to all of you.

Governing Law

- 27 (a) The Standard Security shall be governed by and construed in accordance with Scots law.
(b) You and the Bank submit to the non-exclusive jurisdiction of the Scottish courts.

Disclosure of Information

- 28 You consent to the disclosure by the Bank of any information about you, the Standard Security or the Debt to:
- (a) the Borrower; and/or
 - (b) any person to whom the Bank has transferred, or proposes to transfer, all or any of its rights under the Standard Security and/or the Debt, and any rating agencies; and/or
 - (c) any person with whom the Bank has entered into, or proposes to enter into, any contractual arrangements in connection with the Standard Security and/or the Debt; and/or
 - (d) any company within the HSBC Group, being HSBC Holdings plc and its associated and subsidiary companies from time to time or any of its or their agents; and/or
 - (e) any insurer who is to, or proposes to, provide insurance to the Bank in respect of the Property and/or the Debt; and/or
 - (f) any other person to whom, and to the extent that, such information is required to be disclosed by any applicable law or regulation; and/or
 - (g) any advisers to the Bank or any other person in connection with the Standard Security or any of (b) to (f) above.

Transfer of Rights

- 29 (a) The Bank may transfer all or any of its rights under the Standard Security and/or the Debt to any person at any time.
(b) If the Bank transfers all or any of its rights under the Standard Security and/or the Debt, yours and the Borrower's rights under the Standard Security and/or the Debt (as the case may be) will stay exactly the same.
(c) You and the Borrower will be bound to any person to whom the Bank transfers any such rights. That person will have the Bank's powers and rights so far as the Bank transfers these to that person. The Bank will be released automatically from its obligations to you and the Borrower so far as that person assumes the Bank's obligations.

- (d) You will, at the expense of the Bank or the person to whom the rights are transferred, do anything reasonably requested by the Bank to effect a transfer of all or any of its rights under the Standard Security and/or the Debt.
- (e) You will not transfer all or any of your rights under the Standard Security and/or the Debt without the prior written consent of the Bank.
- (f) In these Transfer of Rights provisions and in the Disclosure of Information provisions above:
 - (i) the term **transfer** means sale, assignation, assignment and/or transfer;
 - (ii) the term **rights** means rights, benefits and/or obligations; and
 - (iii) the term **persons** means any person, trust, fund or other entity.

The Bank's written consent and reasonable requirement

- 30
- (a) Where the words "without the Bank's prior written consent" appear in any paragraph, the Bank will not unreasonably withhold consent. You agree that it is reasonable for the Bank to refuse to consent to something if, in the Bank's reasonable opinion, it adversely affects or might affect:
 - (i) the Bank's security under the Standard Security and the Bank's ability to enforce the Standard Security;
 - (ii) the value of the Property or the Bank's ability to sell the Property;
 - (iii) the Bank's ability to recover the Debt; or
 - (iv) the assessment of the value of the Standard Security as an asset of the Bank.
 - (b) Where the words "the Bank reasonably requires" appear in any paragraph, you agree that it is reasonable for the Bank to require something if, in the Bank's reasonable opinion, it will or might assist in:
 - (i) the preservation or protection of the Bank's security under the Standard Security or the value of the Property; or
 - (ii) the Bank's ability to recover the Debt.

Severance and Modification

- 31
- (a) If any of the paragraphs (or part of a paragraph) of these Conditions and/or any of the terms of the Standard Security becomes invalid or unenforceable in any way under any law, the validity of the remaining paragraphs (or part of a paragraph) or terms will not in any way be affected.
 - (b) If any invalid or unenforceable paragraph (or part of a paragraph) or term mentioned above would not be invalid or unenforceable if its form or effect were modified in any way, it shall be deemed to have the modified form or effect so long as the Bank consents.
 - (c) If the Standard Security is unenforceable or otherwise ineffective against any one or more of you, none of the rest of you will be released from your obligations under the Standard Security.

IN WITNESS WHEREOF these presents consisting of this and the preceding five pages, together with the attached Standard Conditions are subscribed for and on behalf of the said HSBC UK Bank plc by Stephen John Makin, as its attorney pursuant to a Power of Attorney in his favour dated 26 June 2018, at Birmingham on 28 June 2018, in the presence of David John Beattie of 120 Edmund Street, Birmingham.

These are the Standard Conditions referred to in the foregoing Scottish Residential Security Conditions (2018 edition) by HSBC UK Bank plc

The Standard Conditions

The Scottish Residential Security Conditions (2018 edition) contain various references to the Standard Conditions contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 (the "Act"). These are set out here.

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1. Maintenance and repair

It shall be an obligation on the debtor:

- (a) to maintain the security subjects in good and sufficient repair to the reasonable satisfaction of the creditor;
- (b) to permit, after seven clear days notice in writing, the creditor or his agent to enter upon the security subjects at all reasonable times to examine the condition thereof;
- (c) to make all necessary repairs and make good all defects in pursuance of his obligation under head (a) of this condition within such reasonable period as the creditor may require by notice in writing.

2. Completion of buildings, etc., and prohibition of alterations, etc.

It shall be an obligation on the debtor:

- (a) to complete, as soon as may be practicable, any unfinished buildings and works forming part of the security subjects to the reasonable satisfaction of the creditor;
- (b) not to demolish, alter or add to any buildings or works forming part of the security subjects, except in accordance with the terms of a prior written consent of the creditor and in compliance with any consent, licence or approval required by law;
- (c) to exhibit to the creditor at his request evidence of that consent, licence or approval.

3. Observance of conditions in title, payment of duties, charges, etc., and general compliance with requirements of law relating to security subjects

It shall be an obligation on the debtor:

- (a) to observe any condition or perform any obligation in respect of the security subjects lawfully binding on him in relation to the security subjects;
- (b) to make due and punctual payment of any ground burden, teind, stipend, or standard charge, and any rates, taxes and other public burdens, and any other payments exigible in respect of the security subjects;
- (c) to comply with any requirement imposed upon him in relation to the security subjects by virtue of any enactment.

4. Planning notices, etc.

It shall be an obligation on the debtor:

- (a) where he has received any notice or order issued or made by virtue of the Town and Country Planning (Scotland) Acts 1947 to 1969 or any amendment thereof, or any proposal so made for the making or issuing of any such notice or order, or any other notice or document affecting or likely to affect the security subjects, to give to the creditor, within fourteen days of the receipt of that notice, order or proposal, full particulars thereof;
- (b) to take, as soon as practicable, all reasonable or necessary steps to comply with such a notice or order or, as the case may be, duly to object thereto;
- (c) in the event of the creditor so requiring, to object or to join with the creditor in objecting to any such notice or order or in making representations against any proposal therefor.

5. Insurance

It shall be an obligation on the debtor:

- (a) to insure the security subjects or, at the option of the creditor, to permit the creditor to insure the security subjects in the names of the creditor and the debtor to the extent of the market value thereof against the risk of fire and such other risks as the creditor may reasonably require;
- (b) to deposit any policy of insurance effected by the debtor for the aforesaid purpose with the creditor;
- (c) to pay any premium due in respect of any such policy and, where the creditor so requests, to exhibit a receipt therefor not later than the fourteenth day after the renewal date of the policy;
- (d) to intimate to the creditor, within fourteen days of the occurrence, any occurrence which may give rise to a claim under the policy and to authorise the creditor to negotiate the settlement of the claim;
- (e) without prejudice to any obligation to the contrary enforceable against him, to comply with any reasonable requirement of the creditor as to the application of any sum received in respect of such a claim;
- (f) to refrain from any act or omission which would invalidate the policy.

6. **Restriction on letting**

It shall be an obligation on the debtor not to let, or agree to let, the security subjects, or any part thereof, without the prior consent in writing of the creditor, and "to let" in this condition includes to sub-let.

7. **General power of creditor to perform obligations, etc., on failure of debtor and power to charge debtor**

- (1) The creditor shall be entitled to perform any obligation imposed by the standard conditions on the debtor, which the debtor has failed to perform.
- (2) Where it is necessary for the performance of any obligation as aforesaid, the creditor may, after giving seven clear days notice in writing to the debtor, enter upon the security subjects at all reasonable times.
- (3) All expenses and charges (including any interest thereon), reasonably incurred by the creditor in the exercise of a right conferred by this condition, shall be recoverable from the debtor and shall be deemed to be secured by the security subjects under the standard security, and the rate of any such interest shall be the rate in force at the relevant time in respect of advances secured by the security, or, where no such rate is prescribed, shall be the bank rate in force at the relevant time.

8. **Calling-up**

The creditor shall be entitled, subject to the terms of the security and to any requirement of law, to call-up a standard security in the manner prescribed by section 19 of the Act.

9. **Default**

- (1) The debtor shall be held to be in default in any of the following circumstances, that is to say:
 - (a) where a calling-up notice in respect of the security has been served and has not been complied with;
 - (b) where there has been a failure to comply with any other requirement arising out of the security;
 - (c) where the proprietor of the security subjects has become insolvent.
- (2) For the purposes of this condition, the proprietor shall be taken to be insolvent if:
 - (a) he has become notour bankrupt, or he has executed a trust deed for behoof of, or has made a composition contract or arrangement with, his creditors;
 - (b) he has died and a judicial factor has been appointed under section 11A of the Judicial Factors (Scotland) Act 1889 to divide his insolvent estate among his creditors, or his estate falls to be administered in accordance with an order under section 421 of the Insolvency Act 1986;
 - (c) where the proprietor is a company, a winding-up order has been made with respect to it, or a resolution for voluntary winding-up (other than a members' voluntary winding-up) has been passed with respect to it, or a receiver or manager of its undertaking has been duly appointed, or possession has been taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property of the company comprised in or subject to the charge.

10. **Rights of creditor on default**

- (1) Where the debtor is in default, the creditor may, without prejudice to his exercising any other remedy arising from the contract to which the standard security relates, exercise, in accordance with the provisions of Part II of the Act and of any other enactment applying to standard securities, such of the remedies specified in the following sub-paragraphs of this standard condition as he may consider appropriate.
- (2) He may proceed to sell the security subjects or any part thereof.
- (3) He may enter into possession of the security subjects and may receive or recover the rents of those subjects or any part thereof.
- (4) Where he has entered into possession as aforesaid, he may let the security subjects or any part thereof.
- (5) Where he has entered into possession as aforesaid there shall be transferred to him all the rights of the debtor in relation to the granting of leases or rights of occupancy over the security subjects and to the management and maintenance of those subjects.
- (6) He may effect all such repairs and may make good such defects as are necessary to maintain the security subjects in good and sufficient repair, and may effect such reconstruction, alteration and improvement on the subjects as would be expected of a prudent proprietor to maintain the market value of the subjects, and for the aforesaid purposes may enter on the subjects at all reasonable times.
- (7) He may apply to the court for a decree of foreclosure.

11. **Exercise of right of redemption**

- (1) The debtor shall be entitled to exercise his right (if any) to redeem the security on giving notice of his intention so to do, being a notice in writing (hereinafter referred to as a "notice of redemption").
- (2) Nothing in the provisions of the Act shall preclude a creditor from waiving the necessity for a notice of redemption, or from agreeing to a period of notice of less than that to which he is entitled.
- (3)
 - (a) A notice of redemption may be delivered to the creditor or sent by registered post or recorded delivery to him at his last known address, and an acknowledgement signed by the creditor or his agent or a certificate of postage by the person giving the notice accompanied by the postal receipt shall be sufficient evidence of such notice having been given.
 - (b) If the address of the creditor is not known, or if the packet containing the notice of redemption is returned to the sender with intimation that it could not be delivered, a notice of redemption may be sent to the Extractor

of the Court of Session and an acknowledgement of receipt by him shall be sufficient evidence of such notice having been given.

- (c) A notice of redemption sent by post shall be held to have been given on the day next after the day of posting.
 - (4) When a notice of redemption states that a specified amount will be repaid, and it is subsequently ascertained that the whole amount due to be repaid is more or less than the amount specified in the notice, the notice shall nevertheless be effective as a notice of repayment of the amount due as subsequently ascertained.
 - (5) Where the debtor has exercised a right to redeem, and has made payment of the whole amount due, or has performed the whole obligations of the debtor under the contract to which the security relates, the creditor shall grant a discharge in the terms prescribed in section 17 of the Act.
12. The debtor shall be personally liable to the creditor for the whole expenses of the preparation and execution of the standard security and any variation, restriction and discharge thereof and, where any of those deeds are registered or recorded, the registration or recording thereof, and all expenses reasonably incurred by the creditor in calling-up the security and realising or attempting to realise the security subjects, or any part thereof, and exercising any other powers conferred upon him by the security.

Interpretation

In this Schedule, where the debtor is not the proprietor of the security subjects, "debtor" means "proprietor", except

- (a) in standard conditions 9(1), 10(1) and 12, and
- (b) in standard condition 11, where "debtor" includes the proprietor.