

Practice equity loan agreement

Fixed rate only or Fixed rate followed by Variable rate

For lending unregulated under the Consumer Credit Act 1974 to individual customers for the purposes of a business carried on or intended to be carried on by them in England and Wales and/or Scotland.

Guidance notes

Please write clearly in the white spaces with capital letters or cross the boxes. Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

We aim to provide the highest level of customer service possible. However if you experience a problem we will always seek to resolve this as quickly and efficiently as possible.

If something has gone wrong please bring this to the attention of any member of staff. The complaint procedures are also published on our website www.bankofscotlandbusiness.co.uk/contactus.

1 Customer details

We

Bank of Scotland plc

(the "Bank") offer to you, the customer or customers referred to below, a loan on the following terms and conditions.

Where this agreement includes any optional wording (as noted by a box) the wording selected shall apply.

Customer's full name

Customer's address - include postcode

Branch/office name and address - include postcode

Details of Customer's firm/practice/business

Name of firm/practice/business

Firm/practice/business address - include postcode

2 Specific terms and conditions

Amount of the loan (excluding any amounts of interest that will be added to the loan if the agreement provides for this)

£

Purpose of the loan

If borrowed in several amounts each is to be not less than:

£

although the last amount borrowed may be smaller.

The loan must be borrowed on or before:

D D M M Y Y

Unless the Bank agrees otherwise:

- (a) no borrowing may be made until all the conditions mentioned in Clause 2.1 of the Specific Terms and Conditions have been satisfied, and
- (b) you will not be entitled to borrow any amount which has not been borrowed by the agreed date.

The loan is to be borrowed in:

One amount

Several amounts



The proceeds of the loan are to be credited to:

Account name and amount (if not the amount of the loan)

Account name and amount (if not the amount of the loan)

Branch sort code

Account number

Branch sort code

Account number

If the loan is not borrowed within the period agreed or, as the case may be, on the date agreed, you shall pay to the Bank any costs or losses to the Bank that may arise. These costs and losses are set out in Clause 2.3 of the General Terms and Conditions.

2.1 Preconditions and security

Unless received by the Bank prior to the date on which this agreement is signed by the Bank, the Bank is to receive in form and substance acceptable to the Bank the security (if any) listed in the Security Schedule and the documents, evidence or other requirements of the preconditions (if any) set out in the Preconditions Schedule.

Any security received should be accompanied by such evidence as the Bank may reasonably require to confirm the value of such security and to confirm that such security is fully effective.

2.2

Fees and costs

You shall pay any costs and expenses incurred by the Bank in assessing the loan, in the preparation of this agreement, in the preparation, valuation, taking or release of any guarantee or security at any time given in connection with this agreement and in connection with the revaluation of any such security from time to time. The Bank will provide you with a written estimate of the amount of any such costs and expenses incurred by the Bank during the term of the loan before such costs are incurred.

The following charges shall be paid by you on demand by the Bank. These charges are to be paid even if the loan is not borrowed. If these charges include any estimated costs or fees, such costs or fees are based on the facts known to the Bank at the date the Bank signed this agreement. The actual amount charged to you in respect of these initial costs and expenses may be more or less than the figure(s) quoted.

As mentioned in Clauses 2, 3 & 6 of the General Terms and Conditions, other costs may arise in connection with the loan.

If during any fixed rate period you repay or are required to repay the loan early or in part under Clauses 2.2, 3.4, 5.3 or 6.1 of the General Terms and Conditions or under any Additional Terms and Conditions, you shall pay to the Bank any Break Costs as provided in Clause 2.3 of the General Terms and Conditions and

in addition (unless specified otherwise in this agreement) any early repayment charges required by Section 2.6 of the Specific Terms and Conditions.

If during any variable rate period you repay or are required to repay the loan early or in part under Clauses 2.2 or 5.3 of the General Terms and Conditions or under any Additional Terms and Conditions, you shall pay to the Bank (unless specified otherwise in this agreement) any early repayment charges required by Section 2.6 of the Specific Terms and Conditions.

Arrangement fee

£

Option fee

£

Security costs

£

Estimated



Actual



Valuation fee

£

Estimated



Actual



2.3

Interest

Please cross only one box.

The rate of interest payable on the loan will be

† Do not use this option if dealing direct with Treasury/Financial Markets division.

‡ Use this option for Treasury/Financial Markets division fixed rate lending.

* Delete as appropriate.

† Fixed Rate, % per annum

* for the term of the loan/* until the "Review Date"

‡ Fixed Rate, % per annum above the rate (inclusive of regulatory costs - see Clause 3.2 of the General Terms and Conditions) quoted by the Bank at about the time of borrowing

* for the term of the loan/* until the "Review Date"

‡ Fixed Rate, % per annum (inclusive of regulatory costs - see Clause 3.2 of the General Terms and Conditions)

* for the term of the loan/* the "Review Date", which shall be subject to the maximum break cost feature.

If a fixed rate is specified above as being applicable to the loan for less than the term of the loan, the rate of interest payable on the loan from the Review Date will (unless at any time you request otherwise and the Bank agrees to such request) be:

Base Rate plus % per annum, currently % per annum in total

2.4

Payment of interest

Please complete only one section (further option on next page). Interest shall be:

paid by you. The first interest payment date will be: After that interest will be paid by you: Monthly Quarterly

added to the loan. The first date interest will be added to the loan is: After that interest will be added to the loan: Monthly Quarterly

paid by you until a certain date and then added to the loan. The first interest payment date will be: After that interest will be paid by you: Monthly Quarterly

The first date interest will be added to the loan is: After that interest will be added to the loan: Monthly Quarterly

Interest will also be payable, or as the case may be, added to the loan on the date of final repayment of the loan. Interest for any particular period is calculated on the number of days in that period and a year of 365 days.

Interest is calculated on a daily basis on the amount of the loan from time to time outstanding. The loan may include interest, costs and charges added to the loan account in accordance with the terms of this agreement.

If you fail to pay any amount payable under this agreement when due the rate of interest may be increased in accordance with Clause 6.3 of the General Terms and Conditions.

2.5

Repayment

Please cross the appropriate box(es) to indicate how the loan will be repaid.

The loan is repayable in:

<input checked="" type="checkbox"/>	a single principal instalment on the payment date.	Repayment amount £ <input type="text"/>	Repayment date <input type="text"/>																
<input checked="" type="checkbox"/>	consecutive instalments in respect of principal only on the dates and in the amounts set out in the Repayment Schedule. Any amount owing on the final repayment date is to be paid on that date.	Number of instalments <input type="text"/>	Final repayment date <input type="text"/>																
<input checked="" type="checkbox"/>	consecutive instalments commencing on the first repayment date and ending on the final repayment date. Any amount owing on the final repayment date is to be paid on that date.	First repayment date <input type="text"/>	<table border="0"> <tr> <td>Monthly</td> <td>Quarterly</td> <td>Semi-annually</td> <td>Repayment type (e.g. principal plus interest)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="text"/></td> </tr> <tr> <td colspan="2">Repayment amount £ <input type="text"/></td> <td colspan="2">Number of instalments <input type="text"/></td> </tr> <tr> <td colspan="4">Final repayment date <input type="text"/></td> </tr> </table>	Monthly	Quarterly	Semi-annually	Repayment type (e.g. principal plus interest)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	Repayment amount £ <input type="text"/>		Number of instalments <input type="text"/>		Final repayment date <input type="text"/>			
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<input checked="" type="checkbox"/>	consecutive instalments of principal and interest commencing on the first repayment date and ending on the final repayment date. The amounts will vary with changes in interest and the number of days in the charging period.	First repayment date <input type="text"/>	<table border="0"> <tr> <td>Monthly</td> <td>Quarterly</td> <td>Number of instalments</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="text"/></td> </tr> <tr> <td colspan="3">Final repayment date <input type="text"/></td> </tr> </table>	Monthly	Quarterly	Number of instalments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	Final repayment date <input type="text"/>									
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<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>																	
Final repayment date <input type="text"/>																			
<input checked="" type="checkbox"/>	consecutive instalments representing principal and interest. If the interest on the loan is at any time to be calculated with reference to Base Rate you should note that variations in such rate after the date on which this agreement is signed by the Bank may affect either or both of the instalment amount and the term of the loan. Please see Clause 2.4 of the General Terms and Conditions for further details. At the date on which this agreement is signed by the Bank it is expected that final repayment of the loan will be made by the final repayment date.	First repayment date <input type="text"/>	<table border="0"> <tr> <td>Monthly</td> <td>Quarterly</td> <td>Repayment amount</td> <td>Number of instalments</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>£ <input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td colspan="4">Final repayment date <input type="text"/></td> </tr> </table>	Monthly	Quarterly	Repayment amount	Number of instalments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	£ <input type="text"/>	<input type="text"/>	Final repayment date <input type="text"/>							
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2.6

Early repayment charges

Note: If you make an early repayment during any fixed rate period, Break Costs under Clause 2.3 of the General Terms and Conditions of this agreement may be payable irrespective of whether an early repayment charge applies..

Is an early repayment charge payable?

Yes No

(For loans with a term of 5 years or less from the date the loan is first borrowed)

On the date of each early repayment, you shall pay to the Bank an early repayment charge equal to 1% of the amount then being repaid.

(For loans with a term of over 5 years from the date the loan is first borrowed)

On the date of each early repayment made on or before the date which is 5 years after the date the loan is first borrowed, you shall pay to the Bank an early repayment charge equal to 1% of the amount then being repaid.

2.7

Period of offer

This agreement shall come into effect only if the Bank receives from you and finds in order a signed copy of this agreement on or before:

Date

Preconditions Schedule

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Security Schedule

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Repayment Schedule

Date	Amount	Date	Amount

1 Use of Loan Proceeds

- 1.1 You confirm that your intention is to use the loan for the purposes specified in the Specific Terms and Conditions.

2 Payment

- 2.1 You will repay the loan on the dates, and in the manner set out in the Specific Terms and Conditions. If the full amount of the loan is not borrowed the amounts of the instalments detailed will reduce accordingly.
- 2.2 When interest is charged at a variable rate, you may at any time after giving at least 5 business days' notice to the Bank repay the whole or part of the loan early. Unless the whole loan is repaid, each early repayment must be of at least £2000. You cannot redraw any amount you have paid off. Where part of the loan is repaid early, the Bank will decide how to apply the early repayment, either by (a) reducing subsequent repayments proportionately or (b) applying the early repayment to the then latest scheduled repayment instalments so as to reduce the term of the loan.

When interest is charged at a fixed rate, you may at any time after giving at least 5 business days' notice to the Bank repay the whole or part of the loan early together with any amount that may be payable pursuant to Clause 2.3 below. Unless the whole loan is repaid, each early repayment must be of at least £5000. You cannot redraw any amount you have paid off. Where part of the loan is repaid early, the Bank will decide how to apply the early repayment, either by (a) reducing subsequent repayments proportionately or (b) applying the early repayment to the then latest scheduled repayment instalments so as to reduce the term of the loan.

- 2.3 The fixed rate of interest will protect you against the risk of an increase in interest rates during the time the fixed rate applies. The Bank, however, also needs to be protected if you repay the loan early or for any reason you do not borrow the loan in full within the period or, as the case may be, on the date agreed, and owing to a fall in interest rates the Bank is not able to re-lend at the same interest rate as for the loan.

You, therefore, agree, subject to the terms of the following paragraph, that, if interest on the loan is to be payable at a fixed rate of interest during any part of its term (the **"Fixed Rate Period"**) and (a) for any reason you do not borrow the loan in full within the period or, as the case may be, on the date agreed, or (b) on any day during any Fixed Rate Period you repay the loan early in whole or in part or are required (pursuant to the terms of this agreement) to repay the loan early (the date referred to in (a) or, as the case may be, (b) above being hereinafter referred to as the **"Break Date"**) you will pay to the Bank on the Break Date the Market Break Cost.

If, however:

- (i) you have entered into a loan with us where the Specific Terms and Conditions specify that the loan shall be subject to the Maximum Break Cost Feature during the Fixed Rate Period, and
- (ii) the Break Date occurs on an interest payment date during the Fixed Rate Period,

you will only be liable to pay to the Bank on the Break Date the lower of the Maximum Break Cost or the Market Break Cost that would otherwise be payable on such date.

For the purposes of this agreement:

- (a) **"Break Cost"** shall mean either the "Maximum Break Cost" or "Market Break Cost" as applicable;
- (b) **"Market Break Cost"** means the net present value of the amount which the Bank calculates, based on the prevailing published swap market rates and/or prices, as being the amount of losses or costs that are or would be incurred by the Bank under the then prevailing circumstances in replacing, or in providing for the Bank the economic equivalent of, the interest (excluding margin and regulatory costs) that would have been due under loan from you from the Break Date to, and including, the last day of the Fixed Rate Period and reflecting the remaining repayment structure as agreed for the loan during such period (whether the underlying obligation under the loan was absolute or contingent and assuming the satisfaction of each condition precedent) but for the occurrence of the event which led to the Break Date; and
- (c) If applicable, **"Maximum Break Cost"** means the Market Break Cost determined in the manner set out in the definition of Market Break Cost provided that where any applicable swap rate used by the Bank to determine the Market Break Cost would be more than 1 per cent. lower than the fixed rate specified in the Specific Terms and Conditions applicable to the loan, such swap rate shall be deemed to be 1 per cent. lower than the specified fixed rate for the purposes of the calculation of the Market Break Cost.

The Bank will certify (such certificate to be conclusive in the absence of fraud or manifest error) to you the Break Cost.

- 2.4 If the repayment details set out in the Specific Terms and Conditions make specific reference to this clause:
- (a) the Bank may (but is under no obligation) at any time after giving you at least 30 days' written notice vary the repayment instalment amount to reflect any change in the rate of interest applicable to the loan, and
 - (b) the Bank may, if changes in the rate of interest applicable to the loan are not taken into account by variations in the repayment instalment amount or if for any reason any amount remains owing to the Bank on the anticipated final repayment date, require you to

continue the repayment instalments as set out in the Specific Terms and Conditions until such time as all amounts owing under and in connection with this agreement have been repaid in full.

- 2.5 Where the amount of the loan specified in Section 2 of the Specific Terms and Conditions does not exceed £25,000:
- (a) the requirement to give at least 5 business days' notice to the Bank to make early repayment of all or any part of the loan and the minimum amount in respect thereof of £2,000 which applies when interest is charged at a variable rate, and the minimum amount of £5,000 in respect of early repayment of all or any part of the loan which applies when interest is charged at a fixed rate, each as set out in Clause 2.2 above, shall not apply; and
 - (b) no Break Cost as referred to in Clause 2.3 above will be payable.
- 2.6 Without prejudice to the Bank's rights expressed in Clause 6.1 of the General Terms and Conditions, if you fail to pay an instalment in full and on time, and any part of that amount has not been paid by the time the Bank calculates your next instalment amount, the Bank may (at its discretion):
- (a) increase the amount of that next instalment and each of your remaining regular instalments proportionally to ensure that the full balance of the loan is repaid within the agreed term;
 - (b) extend the term of the loan; or
 - (c) increase the amount of your final instalment.
- 2.7 The Bank will apply any payments it receives from you against any interest before any other amounts on your account, including the outstanding principal of the loan. This will not apply to payments made specifically for fees and/or charges or where the Bank collects the interest and principal that make up your repayment from separate accounts.
- 2.8 All payments to be made by you shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

3 Increased Costs and Changes in Circumstances

- 3.1 In running its business the Bank and any holding company of the Bank each has to comply with certain regulations and requirements laid down by regulatory and other official organisations or bodies as well as the law generally. The rate of interest quoted in the Specific Terms and Conditions has been set in the light of how this affects the cost (to the Bank and any such holding company) of the Bank funding, agreeing to make or of making the loan available at the time the Bank signed this agreement. If, as a result of any new laws, regulations or requirements or any changes in existing ones, such cost is increased the Bank may increase the rate of interest charged on the loan to compensate for that extra cost. The Bank will advise you in writing within 30 days of such increase taking effect.
- 3.2 If the rate of interest specified in the specific terms and conditions is stated as including regulatory costs, it includes the cost to the Bank at the time the Bank signed this agreement in funding, agreeing to make and making the loan available that results from complying with the liquidity, monetary control, prudential requirements and supervisory charge requirements of the Bank of England (Prudential Regulation Authority), the Financial Conduct Authority and any other regulatory authority. Regulatory costs may vary from time to time and any such variation may result in the Bank changing the rate of interest payable on the loan. The Bank will determine the regulatory costs on each date interest on the loan is due to be paid and, if in the Bank's opinion there is then a material difference (either up or down) in regulatory costs it will advise you in writing within 30 days of any change of the new rate of interest then to apply to the loan.
- 3.3 The Base Rate may change from time to time. Details of any change in the Base Rate will be available in our branches, updated on our website and advertised in a selection of national newspapers.
- 3.4
- (a) The Bank can change any term of this agreement at any time:
 - (i) if the change is to your advantage;
 - (ii) to reflect changes in law, codes of practice which apply to the Bank or the way the Bank is regulated; or
 - (iii) to reflect any changes the Bank makes to its systems or processes.
 - (b) If Clause 3.4(a) above permits the Bank to make any change, the Bank will tell you personally at least 30 days before the Bank makes a change to your disadvantage (other than a change to the Base Rate, which will be made in accordance with Clause 3.3 above). If you close or change your account within 60 days of the Bank telling you about this change and repay the outstanding balance, the Bank will not charge you extra to do so. Where interest is charged at a fixed rate, any costs or losses to the Bank arising under Clause 2.3 above may be payable. However you will not be required to pay any early repayment charges under Section 2.6 of the Specific Terms and Conditions.
 - (c) The Bank can make any other changes straight away by telling you personally or by putting notices in a selection of national newspapers, in its branches or on its website within the next 30 days.
 - (d) When the Bank tells you personally about a change it will do so by letter, e-mail, text, statement inserts or messages or in any other way which is sent to you individually.

4 Representations

4.1 You represent that:

- (a) no litigation, administrative or judicial proceedings are presently pending or threatened against you or on your ability to meet your obligations under or in connection with this agreement or any security document given in connection with this agreement,
- (b) no Event of Default (as described in Clause 6.1 below has occurred and is continuing or will occur as the result of a borrowing under this agreement and no circumstance has occurred which, with the giving of notice or the passing of time, could become or cause an Event of Default.

4.2 You shall be deemed to repeat the above representations on each day (with reference to the facts and circumstances then existing) prior to borrowing the loan and thereafter until all amounts payable to the Bank under this agreement have been paid.

5 Undertakings

Prior to drawdown of the loan and thereafter until all amounts payable to the Bank under this agreement have been paid:

- 5.1 in respect of any pension policy or life policy held by or charged to the Bank, you agree to ensure that the premiums are paid when due and, upon request from the Bank at any time, promptly to provide the Bank with evidence that payment has been made. In the case of any such pension policy you also agree:
 - (a) upon request by the Bank at any time, promptly to provide the Bank with evidence that the commutation proceeds will be paid to the Bank,
 - (b) except to the extent that you have and apply other funds in repayment of the loan, to take the maximum benefit of the pension policy by way of commutation and to apply that benefit in repayment of the loan when due, and
 - (c) not to agree to any agreement that would reduce the commutation amount of the pension policy nor arrange for any transfer to be made from the pension policy, and
- 5.2 you shall promptly provide the Bank with copies of any financial or other information that the Bank may from time to time reasonably request, including but not limited to valuations of any security, and
- 5.3 if the ratio of the loan to the value of the security given to the Bank is at any time higher than that applicable on the date this agreement was signed by the Bank and unless any specific requirement is set out in any Additional Terms and Conditions added to this agreement (which requirement shall take precedence over this Clause) you agree promptly to:
 - (a) reduce the loan (in accordance with Clause 2 above including paying any costs or losses to the Bank arising under Clause 2.3 above and any early repayment charges if required under Section 2.6 of the Specific Terms and Conditions), or
 - (b) provide the Bank with additional security acceptable to the Bank, and
 - (c) provide such evidence as the Bank may from time to time require to confirm the value of such security and to confirm that the security remains effective.

The Bank may have the security given to it revalued at any time during the term of the loan where, for example, the Bank needs to meet any regulatory requirements or to check that the value continues to be adequate security for repayment of the loan. You will pay the cost incurred by the Bank (acting reasonably) for each revaluation.

6 Default and Termination

- 6.1 The events listed in (a) to (l) of this Clause 6.1 are called "Events of Default". As soon as an Event of Default happens or at any time thereafter, by giving notice to you, the Bank may cancel any obligations it has to lend money to you and may also make the loan become repayable on demand. When the loan is repayable on demand, you must repay the loan to the Bank together with all interest which has accrued on the loan and any other amounts owing under or in connection with this agreement (including any costs and losses arising under Clause 2.3 above but you will not be required to pay any early repayment charges under Section 2.6 of the Specific Terms and Conditions) as soon as the Bank requests you to pay these amounts. The Bank may do this at the time the loan becomes repayable on demand or at any later time.

Events of Default

- (a) you fail to pay when due any indebtedness owed by you to the Bank,
- (b) you fail to comply with any other obligation or undertaking to the Bank, or with the terms of this agreement or any other agreement with the Bank, or an event of default arises in connection with any other agreement with the Bank,
- (c) you fail to pay when due any indebtedness owed by you to another creditor or any of your creditors changes (or obtains the right to change) the original date on which that indebtedness is or was due to be paid to an earlier date as a result of your failure to comply with obligations in connection with that indebtedness,
- (d) any representation or statement made by you to the Bank, whether or not in connection with this agreement, proves to have been incorrect or inaccurate when made or deemed made,

- (e) any guarantee, other security or other document or arrangement relied upon by the Bank in connection with the loan ceases to be continuing or ceases to remain fully effective or notice of discontinuance is received by the Bank or if the Bank reasonably believes that the effectiveness of any such document or arrangement is in doubt or if any provision of such document or arrangement is not complied with for any reason or any favourable tax treatment afforded to any pension policy or to any life policy held by or charged to the Bank ceases to be available,
- (f) any person with a legal claim takes possession or a receiver, administrator, judicial factor, interim trustee, trustee in sequestration or similar official is appointed of the whole or any part of your assets or an application or a petition is presented or made for either an administration or a bankruptcy order against you or a judgment, decree or diligence is made or granted against you,
- (g) you stop or threaten to stop payment of your debts generally or you are deemed by law unable to pay your debts or an application is made in connection with a moratorium or a proposal to creditors for a voluntary arrangement by you or you take any action (including entering negotiations) with a view to readjustment, rescheduling, forgiveness or deferral of any part of your indebtedness,
- (h) you die or become incapable of managing and administering your property and affairs because of any lack of mental capacity,
- (i) if the loan is made available to you for the purpose of injecting capital into a business (which may be a partnership, limited liability partnership or a company) of which you are or are to become a partner, a member or a director and for any reason (i) you cease to be a partner, a member or a director of that business, or (ii) the Bank fails to receive such financial information regarding that business as the Bank may reasonably require, including a copy of the financial statement within 180 days of the end of each financial year or a copy of the periodic management accounts of that business (at such intervals as the Bank may require in a form acceptable to the Bank) within 30 days of the end of the period to which they relate,
- (j) any of the above events occur in relation to any guarantor of or provider of security for the loan or any action is taken in any jurisdiction which is similar or analogous to any of these events in respect of you or any guarantor of or provider of security,
- (k) you fail or have failed to disclose to the Bank any important information that is relevant to the loan or the security required or you undertake or are subject to any action or occurrence which the Bank reasonably believes could place at risk the payment of any amount owing to the Bank, or
- (l) you do not have a servicing account.

6.2 If any Event of Default happens or anything happens that might reasonably be expected to lead to an Event of Default, you shall inform the Bank immediately.

6.3 If any amount payable in respect of this agreement is not paid when due (including any amount payable under this Clause 6) we may require you to pay interest on that amount at the default rate from the date on which the amount was due until it is paid to the Bank (whether before or after judgment). Interest, if unpaid, may be added to the amount in default at monthly intervals. The default rate shall be the rate determined by the Bank to be 3% per annum higher than the rate of interest specified in the Specific Terms and Conditions that would normally apply.

6.4 You shall indemnify the Bank against any costs incurred or losses reasonably sustained by the Bank as the result of any Event of Default happening or any failure by you to pay any amount demanded by the Bank as a result of an Event of Default.

6.5 You shall also pay any costs and expenses reasonably incurred by the Bank in enforcing or perfecting any security for the loan and in enforcing or preserving its rights under this agreement.

7 Other

7.1 This agreement (and any non-contractual obligations arising out of or in connection with this agreement) is governed by English law and the Courts of England and Wales shall have jurisdiction over it, unless your business address on the front pages of the agreement is in Scotland, in which case it will be governed by Scots law and the courts of Scotland shall have jurisdiction over it. The Bank may take action against you in any other jurisdiction where proceedings may be lawfully commenced.

7.2 No delay or omission by the Bank in exercising any of its rights hereunder shall operate or be construed as a waiver, nor shall any single or partial exercise of any such right prevent any other or further exercise of any other right.

7.3 If the loan is to be borrowed, or if any payment becomes due from you, on a day which is not a business day then the amount concerned will be borrowed or, as the case may be, will become payable on the next business day.

7.4 The Bank may use any credit balance there may be on any of your accounts held with the Bank towards payment of any amounts owed by you to the Bank under this agreement without notifying you beforehand, whether such credit balances are in sterling or any other currency or are deposited for fixed or determinable periods.

- 7.5 Unless otherwise agreed by the Bank you shall at all times during the term of this agreement keep a servicing account with the Bank and all amounts from time to time due to the Bank under this agreement may be debited to that account. The Bank recommends that you make sure you have enough funds to meet all such payments as they become due. If you do not maintain such an account with the Bank, the Bank may (without prejudice to its rights under Clause 6.1 above) add to your loan account any interest that is to be paid by you but which is not paid on the date it is due for payment. The Bank may charge interest on any amount so added to the loan account.
- 7.6 Any security given to the Bank (whether given on or before the date on which this agreement is signed by the Bank or at any time in the future and whether or not specified in this agreement) shall, unless otherwise agreed by the Bank, be security not only for the loan but also for all other moneys and liabilities whether certain or contingent at any time due, owing or incurred by you to the Bank.
- 7.7 The Bank may sell, assign, transfer, securitise or otherwise dispose of in any manner its rights and/or obligations under this agreement to any other person, or enter into transactions which have the effect of transferring the economic or credit risks and/or rewards of the Bank under this agreement with any other person. You will promptly execute any documents that the Bank may reasonably require to give effect to any such assignment, assignation, transfer, securitisation or other disposal. You may not assign, transfer or otherwise dispose of any of your rights, obligations or benefits under this agreement.
- 7.8 In the event of, or in connection or contemplation of, a proposed sale, assignment, securitisation, transfer or other disposal of risks and/or rewards of the loan (or part of it), or sale, assignment, transfer, securitisation or other disposal of any of the Bank's rights under this agreement the Bank may disclose information about you, your finances and this agreement to any potential purchaser, assignee, transferee, counterparty to an agreement transferring risks and/or rewards, rating agencies, listing authorities, their and our advisers, and any other person to whom the Bank may deem it necessary to disclose such information in relation to any proposed sale, securitisation, transfer, assignment or transfer of risks and/or rewards.
- 7.9 You understand that the Bank can disclose information about you, your finances and this agreement to any person providing any security for any of your obligations, and that they can give us information about you.
- 7.10 This agreement and all communications from you to the Bank in connection with this agreement and the loan (all of which are to be sent in writing to the Bank) shall be signed in accordance with the mandate given by you to the Bank.
- 7.11 Any change to this agreement other than the changes to be made by the Bank as provided in this agreement must be made in writing and be signed by the contracting parties.
- 7.12 If the loan is available to more than one person, each and every undertaking and liability of all of you under and in connection with this agreement shall be joint and several and references to you shall mean any one or more of you. Therefore each of you is jointly and separately responsible for complying with the terms and conditions of this agreement and for repaying all the liabilities under this agreement and not just a share of them. The Bank may take action against all or any one of you.
- 7.13 This agreement is for the benefit of the contracting parties only and shall not confer any benefit on or be enforceable by a third party.
- 7.14 The Specific Terms and Conditions and General Terms and Conditions together with any Additional Terms and Conditions attached to this agreement shall be read and construed as one agreement.
- 7.15 In this agreement the following terms shall have the following meanings:
- the "Bank"** includes its successors and assignees.
- "Base Rate"** means the official bank rate from time to time of Bank of England (or any rate at any time replacing that rate) which will be available in the Bank's branch where your account is held and on the Bank's website, currently: www.bankofscotlandbusiness.co.uk, and may be varied (either up or down) by the Bank of England at any time.
- "a business day"** means a day other than a Saturday or a Sunday on which banks are open for normal business in the jurisdiction of the applicable law.
- "current account"** means your main business current account with the Bank.
- "financial statement"** means at any particular time the latest balance sheet and profit and loss account of your business together with the notes to both. You must ensure they are audited or signed by an independent accountant if required by law or if reasonably required by the Bank. You must also ensure that, unless the Bank allows otherwise (the Bank will not unreasonably withhold or delay its permission), they are prepared on the same basis and (except to the extent necessary to reflect any changes in generally accepted accounting principles) in accordance with the same accounting principles as the latest such balance sheet and profit and loss account received by the Bank prior to the date on which this agreement is signed by the Bank.
- "loan"** means, at any particular time, the total amount which may be borrowed by you under this agreement or, if appropriate, the total amount which has been debited to the loan account and remains outstanding at such time. The loan may, at any time, include any interest, costs and charges added to the loan account in accordance with this agreement.
- "month"** means a calendar month.
- "Regulated Mortgage Contract"** means a contract where the loan is provided to an individual and the loan is secured by a first legal mortgage on land in the UK where at least 40% of that land is used or is intended to be used as or in the connection with a dwelling by the borrower or a close family member.
- "servicing account"** means an account through which the Bank channels your and the Bank's payments under this agreement. You may use your current account with the Bank as your servicing account.
- 7.16 The Bank will not be liable for any loss, damage, interruption, delay or non-performance in connection with this agreement to the extent that it is caused by events which are beyond the Bank's reasonable control which may include for example explosion, terrorism, war, riot or other civil disturbance or failure or interruption of any electronic communications system caused by someone else.
- 7.17 If you do not pay the Bank what you owe under this agreement and the Bank does not require you to pay interest on that amount at the default rate pursuant to Clause 6.3 above and the Bank obtains judgment against you in a court, the Bank may continue to charge interest on the judgment amount at the rate specified in Section 2.3 of the Specific Terms and Conditions of this agreement.
- 7.18 If any term or provision in this agreement shall in whole or in part be held to any extent to be invalid, void, illegal or unenforceable under any enactment or rule of law, that term or provision shall to that extent be deemed not to form part of this agreement and the enforceability of the remainder of this agreement shall not be affected.
- 7.19 You may, if agreed by the Bank, at any time substitute any property charged to the Bank with alternative property if the alternative property has a value at least equal to the value of the property to be released. When the Bank is satisfied that the alternative security is fully effective, it will discharge the security being substituted.

This information does not form part of your product conditions.

5.1 Use of Business Information

When businesses apply for, or hold, products or services provided by us, we may acquire and process information relating to the business as well as personal data of individuals associated with the business. More information about how we use business information is available at www.bankofscotland.co.uk/businessprivacy

5.2 Privacy Notice

Who looks after your personal information

Your personal information will be held by Bank of Scotland plc which is part of the Lloyds Banking Group. More information on the Group can be found at www.lloydsbankinggroup.com

How we use your personal information

We will use your personal information:

- to provide products and services, manage your relationship with us and comply with any laws or regulations we are subject to (for example the laws that prevent financial crime or the regulatory requirements governing the products we offer).
- for other purposes including improving our services, exercising our rights in relation to agreements and contracts and identifying products and services that may be of interest.

To support us with the above we analyse information we know about you and how you use our products and services, including some automated decision making. You can find out more about how we do this, and in what circumstances you can ask us to stop, in our full privacy notice.

Who we share your personal information with

Your personal information will be shared within Lloyds Banking Group and other companies that provide services to you or us, so that we and any other companies in our Group can look after your relationship with us. By sharing this information it enables us to better understand our customers' needs, run accounts and policies, and provide products and services efficiently. This processing may include activities which take place outside of the European Economic Area. If this is the case we will ensure appropriate safeguards are in place to protect your personal information. You can find out more about how we share your personal information with credit reference agencies below and can access more information about how else we share your information in our full privacy notice.

Where we collect your personal information from

We will collect personal information about you from a number of sources including:

- information given to us on application forms, when you talk to us in branch, over the phone or through the device you use and when new services are requested.
- from analysis of how you operate our products and services, including the frequency, nature, location, origin and recipients of any payments.
- from or through other organisations (for example card associations, credit reference agencies, insurance companies, retailers, comparison websites, social media and fraud prevention agencies).
- in certain circumstances we may also use information about health or criminal convictions but we will only do this where allowed by law or if you give us your consent.

You can find out more about where we collect personal information about you from in our full privacy notice.

Do you have to give us your personal information

We may be required by law, or as a consequence of any contractual relationship we have, to collect certain personal information. Failure to provide this information may prevent or delay us fulfilling these obligations or performing services.

What rights you have over your personal information

The law gives you a number of rights in relation to your personal information including:

- the right to access the personal information we have about you. This includes information from application forms, statements, correspondence and call recordings.
- the right to get us to correct personal information that is wrong or incomplete.
- in certain circumstances, the right to ask us to stop using or delete your personal information.

- from 25 May 2018 you will have the right to receive any personal information we have collected from you in an easily re-usable format when it's processed on certain grounds, such as consent or for contractual reasons. You can also ask us to pass this information on to another organisation.

You can find out more about these rights and how you can exercise them in our full privacy notice.

Other individuals you have financial links with

We may also collect personal information about other individuals who you have a financial link with. This may include people who you have joint accounts or policies with such as your partner/spouse, dependents, beneficiaries or people you have commercial links to, for example other directors or officers of your company.

We will collect this information to assess any applications, provide the services requested and to carry out credit reference and fraud prevention checks. You can find out more about how we process personal information about individuals with whom you have a financial link in our full privacy notice.

How we use credit reference agencies

In order to process your application we may supply your personal information to credit reference agencies (CRAs) including how you use our products and services and they will give us information about you, such as about your financial history. We do this to assess creditworthiness and product suitability, check your identity, manage your account, trace and recover debts and prevent criminal activity.

We may also continue to exchange information about you with CRAs on an ongoing basis, including about your settled accounts and any debts not fully repaid on time, information on funds going into the account, the balance on the account and, if you borrow, details of your repayments or whether you repay in full and on time. CRAs will share your information with other organisations, for example other organisations you ask to provide you with products and services. Your data will also be linked to the data of any joint applicants or other financial associates as explained above.

You can find out more about the identities of the CRAs, and the ways in which they use and share personal information, in our full privacy notice.

How we use fraud prevention agencies

The personal information we have collected from you and anyone you have a financial link with may be shared with fraud prevention agencies who will use it to prevent fraud and money laundering and to verify your identity. If fraud is detected, you could be refused certain services, finance or employment. Further details of how your information will be used by us and these fraud prevention agencies, and your data protection rights, can be found in our full privacy notice.

How we share personal information about insurance products

If you apply to us for insurance, we may pass your details to the relevant insurer and their agents. If a claim is made, any personal information given to us, or to the insurer, may be put onto a register of claims and shared with other insurers to prevent fraudulent claims.

Our full privacy notice

It is important that you understand how the personal information you give us will be used. Therefore, we strongly advise that you read our full privacy notice, which you can find at www.bankofscotland.co.uk/businessprivacy or you can ask us for a copy.

How you can contact us

If you have any questions or require more information about how we use your personal information please speak to your usual bank contact or email the data privacy team at CBDataPrivacy@LloydsBanking.com

If you feel we have not answered your question Lloyds Banking Group has a Group Data Privacy Officer, who you can contact on 0345 721 3141 (+44 131 337 4218 from outside the UK) and tell us you want to speak to our Data Privacy Officer.

Version Control

This notice was last updated in January 2018.

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 on 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 Financial Services and Markets Act 2000 or under the Consumer Credit Act 1974 if this agreement were a regulated agreement under those Acts.

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 lender and the borrower is unfair to the borrower.

I am/We are aware that, if I am/We are in any doubts as to the consequences of the agreement not being regulated by the Financial Services and Markets Act 2000 or the Consumer Credit Act 1974, then I/We should seek independent legal advice.

By signing and returning this agreement:

- (a) you acknowledge having received, read and understood a copy of this agreement and agree to the Specific Terms and Conditions and to the General Terms and Conditions set out above and to the attached Additional Terms and Conditions forms numbered

(together "the agreement"), you acknowledge that this agreement comprises all the terms currently applicable to the loan and that no representation made in good faith, warranty or undertaking has been made by the Bank in connection with the loan which is not set out in this agreement, and you acknowledge that in deciding to enter into this agreement and to proceed with any transaction or project for which the loan has been sought you have not received or relied upon any advice given by the Bank.

- (b) you also acknowledge that you have made a declaration for exemption relating to businesses as set out above.

This agreement creates legal obligations and therefore before signing we recommend that you consider taking independent advice. This may help you understand the potential consequences in the event that things go wrong.

Please note that if interest is to be, or is, payable at a fixed rate and you do not borrow the loan within the period agreed or, as the case may be, on the date agreed or, for any reason, you repay early or are required to repay early, the loan or any part of the loan, you will have to compensate the Bank for its costs and losses.

If you are unhappy with any of the conditions relating to your requested lending, please do not sign the document, but instead speak to your Relationship Manager. If you are still unhappy you can appeal to our Independent Appeals Team to review your case within 30 days of this letter. You can find further details about the process on our website www.bankofscotland.co.uk.

You can't use this process to appeal the proposed costs of agreed lending, such as interest rates, fees and costs, or our standard terms and conditions. If you do appeal our lending condition(s), then this could delay how long it takes for us to put your new lending facility in place, although we aim to deal with 90% of all appeals within 30 days of receipt.

Print name

Signature

Date

If you are unhappy with any of the conditions relating to your requested lending, please do not sign the document, but instead speak to your Relationship Manager. If you are still unhappy you can appeal to our Independent Appeals Team to review your case within 30 days of this letter. You can find further details about the process on our website at: www.bankofscotlandbusiness.co.uk/business-finance/lending-support/appeals-process.

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For bank use only

Signed for and on behalf of the Bank by: Manager/Authorised name

Manager/Authorised signatory

Date

Information is available in large print, audio tape and Braille on request.