



LOAN TO SELL OR LET

EXAMPLE ONLY

DATED

20XX

THE KENT COUNTY COUNCIL

And

INSERT APPLICANT

LEGAL CHARGE

INSERT ADDRESS
INSERT LEGAL CASE NUMBER

LEGAL CHARGE

This Legal Charge is made on the [Date] between the Owner and Kent County Council of [Insert address] (the "Council")

Date:

The Owner: [Insert name and address and (where company) registered address and number]

The Property:

Freehold or Leasehold:

Land Registry Title Number:

Loan Facility Amount:

The Works: *(Provide brief description of the works e.g. conversion of the Property into X units of accommodation)*

Loan agreement number

The Owner hereby applies to the Chief Land Registrar to enter on registration of this Legal Charge in the register a restriction that (except under an Order of the Registrar):

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the Charge dated [Date] in favour of Kent County Council referred to in the charges register or, if appropriate signed on such proprietor's behalf by its secretary or conveyancer."

WHEREAS

- (1) The Owner is the estate owner of the property described on page one overleaf (the "Property")
- (2) The Council has agreed to make available a loan facility amount as described on page one overleaf to the Owner (the "Loan Facility"), repayable in accordance with the Loan Facility Agreement and by the Redemption Date.
- (3) The Owner has applied to the Council to exercise its powers under the Local Government Act 2000 by granting the Loan Facility to the Owner for the purpose of financing various approved

works as described on page one overleaf (the "Works") and the Ancillary Costs and the Council has accordingly agreed to advance the Loan Facility subject to the Owner entering into the obligations and conditions contained below and of the Loan Facility Agreement.

- (4) The Owner has agreed to grant such security to the Council as is hereinafter mentioned as well as for monies (if any) now owing as for any monies which may hereafter and during the continuance of this security become owing by the Owner to the Council as described below.

THIS DEED WITNESSES as follows:-

1. Definitions

In this Deed:

- 1.1 'Ancillary Costs' means costs previously approved in writing by the Council in the nature of proper and reasonable professional fees and other fees charges and disbursements incidental to the preparation supervision and carrying out of the Works and the preparation settlement completion and registration of this Deed
- 1.2 'Disposal' means transfer, lease for a term of seven years or more, or other disposition of property registrable at HM Land Registry
- 1.3 'Interest Rate' STANDARD NATIONAL RATE%, or such other rate as the Council may notify the Owner in accordance with the Loan Facility Agreement
- 1.4 'Loan Facility Agreement' means the agreement made between the Owner and the Council setting out the terms of the payment of the Loan Facility and made on or around the date of this Legal Charge
- 1.5 'Loan to Let' means the Loan Facility where obtained in relation to a property to be let on completion of the Works
- 1.6 'Loan to Sell' means the Loan Facility where obtained in relation to a property to be sold on completion of the Works
- 1.7 'Redemption Date' means the date by which the Loan Facility must be repaid in accordance with the Loan Facility Agreement and is:
- 1.7.1 In respect of a Loan to Sell:
- 1.7.1.1 *(will be notified to you when loan charge document created for loan application)*; or
- 1.7.1.2 the date of the Disposal of the Property; or
- 1.7.1.3 where the Property is to be converted into more than one unit, the first date by which there has been a Disposal of a sufficient number of such units to obtain gross sale proceeds from such Disposal amounting to or in excess of the amounts outstanding under the Loan Facility at the time of Disposal; or

1.7.1.4 the date of an event of default as set out in the Loan Facility Agreement;

whichever is the earlier.

1.7.2 In respect of a Loan to Let:

1.7.2.1 AGREED REPAYMENT DATE; or

1.7.2.2 the date of the Disposal of the Property; or

1.7.2.3 where the Property is to be converted into more than one unit, the first date by which there has been a Disposal of a sufficient number of such units to obtain gross sale proceeds from such Disposal amounting to or in excess of the amounts outstanding under the Loan Facility at the time of Disposal; or

1.7.2.4 the date of an event of default as set out in the Loan Facility Agreement;

whichever is the earlier.

1.8 In this Deed where the context so admits:

(a) "the Owner" includes any person deriving title under it or him (but shall not include any other chargee or encumbrancer of the Property)

(b) Words importing the masculine gender only include the feminine and words importing the singular only include the plural and vice versa.

2. The Owner with full title guarantee hereby charges the Property by way of legal mortgage and any equitable interest therein by way of equitable mortgage with payment to the Council pursuant to the terms on which each sum was or sums were advanced or in the absence of any such terms upon demand (but subject as hereinafter appears) of all and every sum or sums of money for which these presents are declared to be a security.

3. These presents shall be a security to the Council for the payment to the Council and discharge of all monies owed and due by the Owner to the Council under the Loan Facility Agreement, this Legal Charge, and any other agreement expressed to be secured by this Legal Charge.

4. This Charge shall be a continuing security notwithstanding any payment or the settlement of any account or any other matter or thing. If the Council receives notice (actual or constructive) of any charge mortgage or any other encumbrance affecting the Property other than previously notified or any part thereof then as from and after the date on which the Council receives or is deemed to receive such notice ("the date of notice") any payment by the Owner to the Council shall (notwithstanding any legal or equitable rule or presumption to the contrary) be deemed to have been placed to the credit of a new or separate account deemed to have been opened by the

Owner with the Council (unless such payment has in fact been placed to a new or separate account) and shall not go in the reduction of the amount owing by the Owner to the Council at the date of notice.

5. The Owner covenants duly and punctually to pay and discharge to the Council (when they become due for payment) all monies which now are or shall at any time hereafter be due owing or incurred by the Owner to the Council under this Legal Charge, the Loan Facility Agreement and any other agreement expressed to be secured by this Legal Charge, on any account or in any manner whatsoever whether actually or contingently and whether solely or jointly with any other person firm or company and whether due from the Owner as guarantor indemnifier or principal debtor including but without limitation any costs, charges and expenses owed to, or incurred directly or indirectly by, the Council under this Legal Charge, the Loan Facility Agreement and any other agreement expressed to be secured by this Legal Charge, including costs incurred in respect of action taken by the Council with respect to a stranger to this security, or any agreement providing security for all or any part of the sums secured by this Legal Charge or owed under the Loan Facility Agreement or other agreement expressed to be secured by this Legal Charge and all costs in relation to the enforcement of any such security, all such costs, charges and expenses to be calculated and paid on a full and unlimited indemnity basis, and all interest, commissions, fees and bank and discount charges payable in respect of any of the foregoing; and all such payments shall be made in accordance with the terms of this Legal Charge and the Loan Facility Agreement and any other agreements expressed to be secured by this Legal Charge.

6. The Owner hereby covenants with the Council as follows:-

(1) At all times during the continuance of this security to keep all buildings erected or in the course of erection upon the Property including all fixtures and additions thereto in good and substantial repair and condition to the satisfaction of the Council and to permit the Council or its agents with or without workmen and others at all reasonable times to enter into or upon the Property and any building on the Property and examine the state and condition thereof and forthwith to repair and make good all defects and wants of reparation of which notice in writing shall be given to the Owner by the Council and in case of default to permit the Council to enter thereon and effect such repairs and making good as the Council may consider necessary and so that all monies expended by the Council in effecting such repairs and making good shall be deemed to be costs charges and expenses properly incurred by the Council hereunder and shall be reimbursed to the Council by the Owner forthwith on demand together with interest at the Interest Rate from the date such monies were expended until reimbursement thereof and until reimbursed such monies and interest shall be charged upon the Property;

- (2) As long as any monies remain owing on this security to insure and keep insured all buildings on the Property in the joint names of the Owner and the Council (or with a note of the Council's interest endorsed on the policy or policies of insurance) against loss or damage caused by fire flood explosion lightning impact or aircraft and such other perils or risks as shall be required by the Council in its full reinstatement value with some insurance office or underwriters approved by the Council (such approval not to be unreasonably withheld) and to make all payments required for the purpose as and when the same shall become due and when required by the Council to deliver up to it the policy or policies of such insurance and the receipt for each such payment AND if the Owner shall fail to perform any of his (or their) obligations under this clause and if the Council shall thereupon insure (as it shall be entitled so to do) the said buildings or any of them the Owner will on demand reimburse to the Council all payments made by it for that purpose together with interest at the Interest Rate from the date on which such payments were made until reimbursement and all such monies and interest shall be charged upon the Property PROVIDED that the Council may require any monies received by virtue of such insurance to be applied in or towards making good the loss or damage in respect of which the said monies are received or in or towards the discharge of any principal money or interest secured hereby and the Owner shall hold any such monies received from such insurance in trust for the Council;
- (3) Not without the previous consent in writing of the Council to erect make or maintain or suffer to be erected or maintained on the Property or any part thereof any additional building erection or improvement or to demolish all or any part of the Property (save in compliance with any order to that effect by any public authority including the Council) or to make or suffer to be made any material change or addition whatsoever in or to the use of the Property or any part thereof and also if the Council shall consent in writing as aforesaid will duly apply to the local planning authority as defined by the Town and Country Planning Act 1990 for any necessary permission to erect make or maintain such building erection improvement material change or addition on behalf of the Council and all other persons (if any) for the time being interested in the Property and will give to the Council immediate notice of such permission if granted and also at all times to indemnify and keep indemnified the Council against all proceedings costs expenses claims and demands whatsoever in respect of the said application;
- (4) To give full particulars to the Council of any notice or order or proposal for a notice or order served on or issued or made to the Owner by a planning authority or by any other governmental local or public authority or undertaking in relation to the Property within seven days of receipt of the same and if so required by the Council produce such notice to the Council and without delay to take all reasonable or necessary steps to comply with any such notice or order and also at the request of the Council and at the cost of the Owner to

make or join with the Council in making such objection or representation against or in respect of any proposal for such a notice or order as the Council shall deem expedient. Where in any such case a payment must be made by the Owner the Owner will produce to the Council the receipt for payment. If the Owner fails to make any such payment then the Council may discharge it. Any money expended shall accrue interest at the Interest Rate from the time the payment is made by the Council and shall be repayable by the Owner on demand and such money and the interest on it shall be charged on the Property;

- (5) Not to do or omit or suffer to be done or omitted any act matter or thing in on or respecting the Property required to be omitted or done by the Town and Country Planning Act 1990 or which shall contravene the provisions thereof or any of them and at all times hereafter to indemnify and keep indemnified the Council against all actions proceedings costs expenses claims and demands in respect of any such act matter or thing contravening the Town and Country Planning Act 1990;
- (6) Not without the consent in writing of the Council to create any further charge or encumbrance affecting the Property ranking pari passu with or in priority to this Legal Charge;
- (7) To observe and perform all the covenants conditions and stipulations contained in any lease of the Property held by the Owner and in any subsisting prior charge to which the Property is subject and to give full particulars of any notice served on the Owner by any lessor mortgagee or chargee within seven days of the receipt of the same;
- (8) To pay all taxes charges and other outgoings in respect of the Property;
- (9) To notify the Council immediately upon receipt by the Owner of any compensation or similar money in relation to the Property and unless the Council shall otherwise decide apply such money in or towards repayment of the monies secured by this Legal Charge;
- (10) To provide the Council on demand with copies of the receipts for expenditure incurred in carrying out the Works;
- (11) On completion of the Works to keep the Property in good repair and condition;
- (12) To notify the Council immediately as the Redemption Date has occurred.

7. The Owner hereby agrees and declares with the Council as follows:-

- (1) That all costs charges and expenses properly incurred hereunder by the Council expressly including any costs charges or expenses incurred or paid by the Council by virtue of or in connection with any act matter or thing arising under or by virtue of the Town and Country Planning Act 1990 or any statutory modification or re-enactment thereof and any orders regulations directions and notices made or served thereunder whether or not occasioned by any act neglect or default of the Owner shall together with interest thereon at the Interest Rate from the date the same were incurred until the date of payment to the Council be charged on the Property **PROVIDED** that the charge hereby conferred shall be in addition and without prejudice to any and every other remedy lien or security which the Council may or but for the said charge would have for the monies thereby secured or any part thereof;
 - (2) If any building thereon or any system of drainage or public services intended or capable of being used in connection with the Property shall remain unfinished or not connected the Council may at any time construct make up complete or connect the same and for such purpose the Council shall be at liberty to employ contractors builders workmen and others and purchase all proper materials as it may in its absolute discretion deem fit and any monies expended by the Council in respect of any of the aforesaid matters shall on demand be repaid by the Owner with interest at the Interest Rate from the respective times at which such monies shall have been expended until repayment thereof together with interest as aforesaid and until such repayment such monies and interest shall be a charge on the Property;
8. The statutory power of sale and of appointing a receiver shall apply to this Legal Charge free from the restrictions imposed by Sections 103 and 109(1) of the Law of Property Act 1925 but the Council will not exercise such powers unless:-
 - (a) there has been a breach of some provision contained or incorporated in this Legal Charge or the Loan Facility Agreement or implied by statute on the part of the Owner to be observed and performed; or
 - (b) any monies payable hereunder or secured hereby shall be or become due and payable and remain unpaid.
9. (1) The whole of the monies payable or to become payable hereunder or secured hereby shall immediately become due and payable and the Council shall demand that the Owner shall forthwith repay the same together with all interest accrued and all other sums payable under the Loan Facility Agreement and this Legal Charge:

- (a) if any of the monies obligations and liabilities secured by this Legal Charge shall not be paid or discharged by the Owner in accordance with clause 5 and the Loan Facility Agreement; or
 - (b) if the Owner shall be in breach of any provision of this Legal Charge or of the Loan Facility Agreement secured by this Legal Charge; or
 - (c) any other event shall take place which in the opinion of the Council puts in jeopardy all or any part of the security created by this Legal Charge.
- (2) The provisions of Clause 9(1) shall be in addition to and not in substitution for any other provisions at any time agreed between the Owner and the Council relating to the payment of money hereby secured.
- 10. The statutory power of sale is hereby extended so as to authorise the Council to sell the Property or any part thereof subject to a provision that the purchase money or any part thereof shall be payable (with or without interest) by instalments of such amount over such period and at such times as the Council may think proper and so that the contract for sale may contain such provisions permitting the purchaser to enter into possession and for securing the payment of the purchase money and any interest thereon and enable the Council to rescind the contract and to resell and such other provisions (whether of a nature similar to those before mentioned or not) as the Council may think proper.
- 11. The Owner irrevocably and by way of security appoints the Council to be its Attorney (with full power to appoint substitutes and to sub-delegate including power to authorise the person so appointed to make further appointments in both cases with regard to all or any part of the Property) on behalf of the Owner and in its name or otherwise to execute any document or do any act or thing which the Council (or such substitute or delegate) may in its absolute discretion consider appropriate in connection with the exercise of any of the powers of the Owner or which the Owner is obliged to the Council to execute or do whether hereunder or otherwise.
- 12. Section 93 of the Law of Property Act 1925 shall not apply to this Legal Charge .
- 13. If the Council takes possession of the Property the Council is hereby authorised as agent for the Owner if the Council so elects to remove warehouse store sell or otherwise deal with any moveable plant machinery, furniture goods and equipment ("the Equipment") which the Owner shall fail or refuse to remove from the Property within seven days of being requested so to do and the Council shall not be liable to the Owner for any loss or damage occasioned thereby. The Owner shall indemnify the Council against all costs and expenses incurred in respect of the

Equipment pursuant to the terms hereof and against all liability to any third party in respect of the Equipment and all such costs and expenses shall be charged upon the Property together with interest at the Interest Rate. The Council shall account to the Owner (or to any person with prior entitlement thereto) for the proceeds of any such sale after deducting any selling and other expenses. The Council shall not be liable to the Owner with regard to any such sale or for failure to obtain a proper price provided that the Council acted in good faith. It is hereby agreed and declared that this clause shall not have the effect of creating any charge over the Equipment.

14. All costs including value added tax and disbursements (on an indemnity basis) of any legal proceedings and any other action to enforce the terms of these presents shall be paid by the Owner on demand and such monies with interest at the Interest Rate shall be charged upon the Property.
15. The Owner assigns to the Council (to the extent that the same are assignable and subject to redemption) the benefit of any right agreement indemnity covenant charge remedy or money payable (whether by way of compensation or otherwise) relating to the Property or to the services to it and such benefit shall be freely assignable by the Council to any purchaser from the Council or to any transferee of this Legal Charge.
16. Any notice required or authorised by this Legal Charge or by Statute to be given to or to be served on the Owner shall be in writing and shall be sufficiently served if it is served in any manner in which a notice may be served on a mortgagor under Section 196 of the Law of Property Act 1925 or if it is sent by ordinary prepaid post addressed to the Owner at his last known address and a notice so served shall be deemed to have been served on the day following that on which the letter containing such notice shall have been posted.
17. Any notice required or authorised by this Legal Charge to be given to the Council shall be in writing and shall be sufficiently served if it is posted and addressed to the Council at the address provided at the head of this Legal Charge and the proper postage is prepaid and in every case the notice shall be deemed to be served when correctly delivered.
18. The Legal Charge hereby created is in addition to any other security or securities now or hereafter held by the Council and where this Legal Charge initially takes effect as a collateral or further security then notwithstanding any receipt release or discharge endorsed on or given in respect of the money and liabilities owing under the principal security to which this Legal Charge operates as a collateral or further security this Legal Charge shall in respect of any money which was originally intended to be secured be an independent security for any of such money.
19. Notwithstanding any other provision of this Legal Charge:

- (1) this Legal Charge does not secure the payment or discharge of any monies from time to time owing or payment under any Regulated Agreement or the performance of the obligations from time to time of the debtor or hirer (as the case may be) under any Regulated Agreement
- (2) any monies from time to time owing or payable under any Regulated Agreement are excluded from the monies secured by this Legal Charge
- (3) any covenant or agreement expressed or implied in this Legal Charge by any party hereto to pay or to guarantee the payment of any sum or to provide any indemnity shall not apply to any monies from time to time owing or payable under any Regulated Agreement or to the performance of the obligations from time to time of the debtor or the hirer (as the case may be) under any Regulated Agreement.

For the purposes of this clause the words "Regulated Agreement" mean any agreement entered into on before or after the execution hereof which for the time being is a regulated agreement within the meaning of the Consumer Credit Act 1974 or any modification replacement or re-enactment thereof.

20. No variation to this Legal Charge will be effective unless recorded in writing and so executed by both parties.
21. If any provision of this Legal Charge is declared by any judicial or other competent authority to be void voidable illegal or otherwise unenforceable or indications to that effect are received by either of the parties from any competent authority the parties shall amend that provision in such reasonable manner as achieves the intention of the parties without illegality or if that is not possible it shall be severed from this Legal Charge and the remaining provisions of this Legal Charge shall remain in full force and effect.
22. No delay or forbearance on the part of the Council in enforcing observance or performance by the Owner or giving of time or indulgence to the Owner shall release or discharge or exonerate or in any way affect the liability of the Owner under this Legal Charge.
23. The Owner warrants to the Council that he has taken independent legal advice on the terms of and his obligations under this Legal Charge.
24. This Legal Charge does not create any rights enforceable by any person not a party to it by reason of the Contracts (Right of Third Parties) Act 1999.
25. This Legal Charge shall be governed by and construed in accordance with English law.

IN WITNESS WHEREOF this Deed has been executed by the Council and the Owner and is intended to be and is hereby delivered on the date first above written

The Common Seal of

THE KENT COUNTY COUNCIL was affixed to this Deed in the presence of:-

.....

An Authorised Signatory

A Member of the County Council

AND

[WHERE THE BORROWER IS AN INDIVIDUAL]

Executed and delivered as a deed by

THE OWNER

In the presence of:-

Witness.....

Name.....

Address.....

.....

.....

Occupation.....

[OR]

[WHERE THE BORROWER IS A COMPANY]

Executed and delivered as a deed

for and on behalf of [Insert name of borrowing company]

by:

Director:

Director/Secretary