

Dated _____

STATUTORY PLEDGE

Between

and

UNITED TRUST BANK LIMITED

This PLEDGE is entered into on _____

Parties

(1) (company number)

whose registered office is at

(**Provider**); and

(2) **UNITED TRUST BANK LIMITED** of One Ropemaker Street, London, EC2Y 9AW
(**Financier**)

Background

- (A) The Financier has agreed to enter into the Finance Agreement with the Company.
- (B) Under this deed, the Company is to provide security to the Financier for the obligations of the Company to the Financier under the Finance Agreement.

Agreed terms

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions apply in this deed:

2023 Act: means the Moveable Transactions (Scotland) Act 2023;

Asset Finance Agreement: means the hire purchase agreement between the Provider (as hirer) and the Financier (as owner) dated [of even date with this pledge];

Business Day: a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London and deposits are dealt with in the London Interbank Market;

Delegate: any person appointed by the Financier pursuant to clause 10, and any person appointed as attorney of the Financier or Delegate;

Equipment: means the equipment described in the Schedule;

Event of Default: means the events set out in clause 7 of the Asset Finance Agreement;

Pledge Enforcement Notice: means a "pledge enforcement notice" under, and as defined in, section 65 of the 2023 Act, and substantially in the form prescribed by the Moveable Transactions (Forms) (Scotland) Regulations 2024;

Sale Agreement: means the agreement for the sale of the Equipment made between the Provider (as seller) and the Financier (as buyer) dated;

Secured Liabilities: all present and future monies, obligations and liabilities owed by the Provider to the Financier, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Asset Finance Agreement or this pledge (including, without limitation, those arising under clause 17.2.2), together with all interest (including, without limitation, default interest) accruing in respect of such monies or liabilities;

Security Period: the period starting on the date of this pledge and ending on the date on which the Financier is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

1.2 Interpretation

In this pledge:

- 1.2.1 reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force for the time being, taking account of any amendment or re-enactment or extension and includes any former statute, statutory provision or subordinate legislation which it amends or re-enacts;
- 1.2.2 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.2.3 unless the context otherwise requires, words in the singular include the plural and in the plural include the singular;
- 1.2.4 a reference to **continuing** in relation to an Event of Default means an Event of Default which has not been remedied or waived;
- 1.2.5 a reference to **this pledge** (or any provision of it) or any other document shall be construed as a reference to this pledge, that provision or that document as it is in force for the time being and as amended in accordance with its terms or with the agreement of the relevant parties;
- 1.2.6 a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, or any state or any agency of any person;
- 1.2.7 a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and **amended** shall be construed accordingly);
- 1.2.8 a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;

- 1.2.9 a reference to an authorisation includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.2.10 a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.2.11 a reference to determines or determined means, unless the contrary is indicated, a determination made at the discretion of the person making it;
- 1.2.12 a reference to the Provider or the Financier shall include its successors, permitted transferees and permitted assigns; and
- 1.2.13 clause, schedule and paragraph headings shall not affect the interpretation of this pledge.

1.3 **Clawback**

If the Financier considers that an amount paid by the Provider in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Provider or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this pledge.

1.4 **Third-party rights**

A third party (being any person other than the Provider, the Financier and its permitted successors and assigns, and any Delegate) has no right under the Contract (Third Party Rights) (Scotland) Act 2017 to enforce, or enjoy the benefit of, any term of this pledge.

1.5 **Schedule**

The schedule forms part of this pledge and shall have effect as if set out in full in the body of this pledge. Any reference to this pledge includes the schedule.

2 **UNDERTAKING TO PAY**

The Provider shall, on demand, pay to the Financier and discharge the Secured Liabilities when they become due.

3 **GRANT OF SECURITY**

3.1 **Statutory Pledge**

As a continuing security for the payment and discharge of the Secured Liabilities, the Provider hereby grants to the Financier a statutory pledge over the Equipment.

3.2 The Statutory Pledge granted under clause 3.1 is granted only to the extent that for any reason the Provider continues to have title to the Equipment notwithstanding the Sale Agreement and the Asset Finance Agreement. Accordingly, the Provider only warrants to the Financier that it has or had good and unencumbered title to the Equipment as at the moment in time immediately prior to the delivery or constructive delivery of the Equipment under the Sale Agreement.

3.3 Nothing in this pledge or granting of the statutory pledge herein shall in any way or to any extent prejudice the effect of the Sale Agreement nor the warranties as to title, whether express or implied, given by the Provider (as seller) to the Financier (as buyer) in the Sale Agreement.

4 LIABILITY OF THE PROVIDER

4.1 Liability not discharged

The Provider's liability under this pledge in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- 4.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Financier that is or becomes wholly or partially illegal, void or unenforceable on any ground;
- 4.1.2 the Financier renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 4.1.3 any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Provider.

4.2 Immediate recourse

The Provider waives any right it may have to require the Financier to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this pledge against the Provider.

5 UNDERTAKINGS

5.1 Negative pledge and disposal restrictions

The Provider agrees that it shall comply in all respects with all the undertakings and obligations in relation to the Equipment set out in the Asset Finance Agreement and in particular, (but without limitation) it shall not at any time:

- 5.1.1 create, purport to create or permit to subsist any Security Interest on, or in relation to, any of the Equipment other than any Security Interest created by this pledge;
- 5.1.2 sell, assign, transfer, part with possession of or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in the Equipment; or
- 5.1.3 create or grant (or purport to create or grant) any interest in any of the Equipment in favour of a third party.

5.2 Preservation of Equipment

The Provider shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Financier or diminish the value of any of the Equipment (except for expected fair wear and tear) or the effectiveness of the security created by this pledge.

5.3 Provider's waiver of set-off

The Provider waives any present or future right of set-off it may have in respect of the Secured Liabilities (including sums payable by the Provider under this pledge).

5.4 **Compliance with laws and regulations**

The Provider shall promptly effect any maintenance, modifications, alterations or repairs that are required by any law or regulation to be effected on or in connection with the Equipment.

5.5 **Enforcement of rights**

The Provider shall use its best endeavours to:

- 5.5.1 procure the prompt observance and performance of the undertakings and other obligations imposed on the Provider's counterparties; and
- 5.5.2 enforce any rights and institute, continue or defend any proceedings relating to any of the Equipment that the Financier may require from time to time; and
- 5.5.3 permit the Financier, or such persons as it may nominate, at all reasonable times and on reasonable notice to enter on any premises of the Provider to effect such maintenance or repairs to the Equipment as the Financier or its nominee considers necessary.

6 **POWERS OF THE FINANCIER**

6.1 **Power to remedy**

- 6.1.1 The Financier shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Provider of any of its obligations contained in this pledge.
- 6.1.2 The Provider irrevocably authorises the Financier and its agents to do all things that are necessary or desirable for that purpose.
- 6.1.3 Any monies expended by the Financier in remedying a breach by the Provider of its obligations contained in this pledge, shall be reimbursed by the Provider to the Financier on a full indemnity basis and shall carry interest in accordance with clause 12.1

6.2 **Exercise of rights**

The rights of the Financier under clause 6.1 are without prejudice to any other rights of the Financier under this pledge. The exercise of any rights of the Financier under this pledge shall not make the Financier liable to account as a secured creditor in possession.

6.3 **Financier's set-off rights**

If the Financier has more than one account for the Provider in its books, the Financier may at any time after:

- 6.3.1 the security constituted by this pledge has become enforceable; or
- 6.3.2 the Financier has received, or is deemed to have received, notice of any subsequent Security Interest or other interest affecting all or any part of the Equipment, transfer, without prior notice, all or any part of the balance standing to the credit of any account to any other account which may be in debit. After making any such transfer, the Financier shall notify the Provider of that transfer.

6.4 **Indulgence**

The Financier may, at its discretion, grant time or other indulgence or make any other arrangement, variation or release with any person not being a party to this pledge (whether or not any such person is jointly liable with the Provider) in respect of any of the Secured Liabilities or of any other security for them without prejudice either to this pledge or to the liability of the Provider for the Secured Liabilities.

7 **PROVISIONS RELATING TO THE 2023 ACT**

- 7.1 The Provider acknowledges that the Financier intends to register this pledge in the Register of Statutory Pledges established under the 2023 Act.
- 7.2 The Provider:
 - 7.2.1 shall provide all such information, documents and evidence as may be required by the Financier at any time so that it may comply with its obligations under section 107 of the 2023 Act in relation to this pledge; and
 - 7.2.2 hereby consents to the disclosure of all or any of such information, documents or evidence to any entitled person (as defined in the 2023 Act) by the Financier.

8 **WHEN SECURITY BECOMES ENFORCEABLE**

- 8.1 Security becomes enforceable on Event of Default

The security constituted by this pledge shall be immediately enforceable if an Event of Default occurs.

- 8.2 Discretion

After the security constituted by this pledge has become enforceable, the Financier may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Equipment.

9 **ENFORCEMENT OF SECURITY**

- 9.1 Enforcement powers

- 9.1.1 For the purposes of all powers implied by statute, the Secured Liabilities are deemed to be exercisable at any time after the execution of this pledge, but the Financier shall not exercise such powers until the security constituted by this pledge has become enforceable under clause 8.1.
- 9.1.2 On the occurrence of an Event of Default the Financier shall have all the powers and rights of enforcement provided for in the 2023 Act.

9.2 Access on enforcement

- 9.2.1 At any time after the Financier has issued a Pledge Enforcement Notice, the Provider will allow the Financier, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any of the Equipment and for that purpose to enter on any premises where any of the Equipment is situated (or where the Financier reasonably believes any of the Equipment to be situated) without incurring any liability to the Provider for, or by any reason of, that entry.
- 9.2.2 At all times, the Provider must use its best endeavours to allow the Financier access to any premises for the purpose of clause 9.2.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

9.3 Protection of third parties

No purchaser, or other person dealing with the Financier or Delegate shall be concerned to enquire:

- 9.3.1 whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;
- 9.3.2 whether any power the Financier or Delegate is purporting to exercise has become exercisable or is properly exercisable; or
- 9.3.3 how any money paid to the Financier or any Delegate is to be applied.

10 DELEGATION

10.1 Delegation

The Financier may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this pledge (including the power of attorney granted under clause 14.1).

10.2 Terms

The Financier may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

10.3 Liability

The Financier shall not be in any way liable or responsible to the Provider for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

11 APPLICATION OF PROCEEDS

11.1 Order of application of proceeds

All monies received by the Financier or a Delegate pursuant to the statutory pledge granted under this pledge shall be applied as provided for in the 2023 Act.

11.2 Suspense account

All monies received by the Financier or a Delegate under this pledge:

- 11.2.1 may, at the discretion of the Financier or Delegate, be credited to any suspense or securities realised account;
- 11.2.2 shall bear interest, if any, at the rate agreed in writing between the Financier and the Provider; and
- 11.2.3 may be held in that account for so long as the Financier or Delegate thinks fit.

12 COSTS AND INDEMNITY

12.1 Costs

The Provider shall pay to, or reimburse, the Financier on demand, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Financier or any Delegate in connection with:

- 12.1.1 this pledge or the Equipment;
- 12.1.2 taking, holding, protecting, perfecting, completing, preserving or enforcing (or attempting to do so) any of the Financier's, or a Delegate's rights under this pledge; or
- 12.1.3 taking proceedings for, or recovering, any of the Secured Liabilities, together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, sequestration, winding up or administration of the Provider) at the rate and in the manner specified in the Asset Finance Agreement.

12.2 Indemnity

The Provider shall indemnify the Financier, and each Delegate, and their respective employees and agents, on a full indemnity basis against any cost, charge, expense, tax, loss, liability or damage incurred by any of them as a result of:

- 12.2.1 the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this pledge or by law in respect of the Equipment;
- 12.2.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this pledge; or
- 12.2.3 any default or delay by the Provider in performing any of its obligations under this pledge.

13 FURTHER ASSURANCE

The Provider shall, at its own expense, take whatever action the Financier may reasonably require for:

- 13.1.1 creating, perfecting, registering or protecting the security intended to be created by this pledge;
- 13.1.2 facilitating the realisation of any of the Equipment; or
- 13.1.3 facilitating the exercise of any right, power, authority or discretion exercisable by the Financier in respect of any of the Equipment,
 - including, without limitation, (if the Financier thinks it expedient) the execution of any transfer, conveyance, assignment, assignation or assurance of all or any of the Equipment (whether to the Financier or to its nominee) and the giving of any notice, order or direction and the making of any registration.

14 POWER OF ATTORNEY

14.1 Appointment of attorneys

By way of security, the Provider irrevocably appoints the Financier and every Delegate separately to be the attorney of the Provider and, in its name, on its behalf and as its act and pledge, to execute any documents and do any acts and things which:

- 14.1.1 the Provider is required to execute and do under this pledge; or
- 14.1.2 any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this pledge or by law on the Financier or any Delegate.

14.2 Ratification of acts of attorneys

The Provider ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 14.1.

15 RELEASE

Subject to clause 17.2, on the expiry of the Security Period (but not otherwise), the Financier shall, at the request and cost of the Provider, take whatever action is necessary to release the Equipment from the security constituted by this pledge.

16 ASSIGNATION AND TRANSFER

16.1 Assignment by Financier

- 16.1.1 At any time, without the consent of the Provider, the Financier may assign or transfer the whole or any part of the Financier's rights and/or obligations under this pledge to any person.
- 16.1.2 The Financier may disclose to any actual or proposed assignee or transferee any information about the Provider, the Equipment and this pledge that the Financier considers appropriate.

17 FURTHER PROVISIONS

17.1 Continuing security

This pledge shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Financier discharges this pledge in writing.

17.2 Discharge conditional

Any release, discharge or settlement between the Provider and the Financier shall be deemed conditional on no payment or security received by the Financier in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- 17.2.1 the Financier or its nominee may retain this pledge and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Equipment, for any period that the Financier deems necessary to provide the Financier with security against any such avoidance, reduction or order for refund; and
- 17.2.2 the Financier may recover the value or amount of such security or payment from the Provider subsequently as if the release, discharge or settlement had not occurred.

17.3 Certificates

A certificate or determination by the Financier as to any amount for the time being due to it from the Provider shall be, in the absence of any manifest error, conclusive evidence of the amount due.

17.4 Rights cumulative

The rights and remedies of the Financier conferred by this pledge are cumulative, may be exercised as often as the Financier considers appropriate, and are in addition to its rights and remedies under the general law.

17.5 Variations and waivers

Any waiver or variation of any right or remedy (whether arising under this pledge or under the general law), or any consent given under this pledge, is only be effective if it is in writing and signed by the waiving, varying or consenting party, and applies only in the circumstances for which it was given, and shall not prevent the party giving it from subsequently relying on the relevant provision.

17.6 Further exercise of rights

No act or course of conduct or negotiation by or on behalf of the Financier shall, in any way, preclude the Financier from exercising any right or remedy under this pledge or constitute a suspension or variation of any such right or remedy.

17.7 **Delay**

No delay or failure to exercise any right or remedy under this pledge shall operate as a waiver.

17.8 **Single or partial exercise**

No single or partial exercise of any right or remedy under this pledge shall prevent any further or other exercise of that right or remedy, or the exercise of any other right or remedy under this pledge.

17.9 **Partial invalidity**

The invalidity, unenforceability or illegality of any provision (or part of a provision) of this pledge under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with any modifications necessary to give effect to the commercial intention of the parties.

17.10 **Counterparts**

17.10.1 This pledge may be executed in any number of counterparts and by each of the parties on separate counterparts, all as permitted by The Legal Writings (Counterparts and Delivery) (Scotland) Act 2015 (the **"Counterparts Act"**).

17.10.2 If this pledge is executed in counterpart:

17.10.2.1 this pledge will not take effect until each of the counterparts has been delivered; and

17.10.2.2 the date of delivery of this pledge shall be inserted where indicated on the first page of this pledge.

Where not executed in counterparts, this pledge shall be delivered and become effective on the date agreed between the parties as evidenced by the date inserted on the front page of this pledge or, if no such date is inserted, the date on which the Financier signed this pledge.

18 **NOTICES**

18.1 **Service**

Each notice or other communication required to be given under or in connection with this pledge shall be made in accordance with the provisions regarding communications and notice set out in the Asset Finance Agreement.

19 GOVERNING LAW AND JURISDICTION

19.1 Governing law

This pledge shall be governed by and or construed in accordance with the law of Scotland.

19.2 Jurisdiction

The Provider submits to the exclusive jurisdiction of the Scottish courts to settle any dispute or claim that arises out of or in connection with this pledge or its subject matter or formation (including non-contractual disputes or claims). Nothing in this clause shall limit the right of the Financier to take proceedings against the Provider in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

IN WITNESS WHEREOF these presents consisting of this and the preceding pages together with the Schedule annexed are executed by the parties as follows:

The Provider

Subscribed by acting by two directors or one director in the presence of a witness:

.....
Signature of Director

.....
Name of Director

.....
Signature of Director

.....
Name of Director

.....
Witness signature

.....
Witness Name:

.....
Witness Address

Together at

on this day of 20

The Financier

Subscribed by **UNITED TRUST BANK LIMITED** acting by two directors:

.....
Signature of Director

.....
Name of Director

.....
Signature of Director

.....
Name of Director

Together at
on this day of 20

This is the Schedule referred to in the foregoing Statutory Pledge between United Trust Bank Limited and

**SCHEDULE
EQUIPMENT**

[DETAILS OF THE EQUIPMENT - TO BE IDENTICAL TO THE GOODS SET OUT IN THE HP AGREEMENT]

Asset Description	Serial/Chassis number	Registration Number

United, we go further

United Trust Bank Limited 1 Ropemaker Street, London EC2Y 9AW | 020 7190 5555 | assetfinance@utbank.co.uk | www.utbank.co.uk

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England and Wales number 549690. We are covered by the Financial Services Compensation Scheme and the Financial Ombudsman Service. We are members of UK Finance, the Finance & Leasing Association and the Association of Short Term Lenders, Patrons of the NACFB and Associates of the Financial Intermediary & Broker Association (FIBA).