



AL RAYAN BANK



SHARIA COMPLIANCE GUARANTEED
Rent not interest

Banking you can **believe** in

Home **Purchase Plan**

Terms and conditions

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YOUR HOME MAY BE AT RISK IF YOU DO NOT KEEP UP THE PAYMENTS ON YOUR HOME PURCHASE PLAN

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Section 1: Glossary of terms

Words with special meanings

Term	Special meanings
1925 Act	The Law of Property Act 1925.
1995 Act	The Landlord and Tenant (Covenants) Act 1995.
2002 Act	The Land Registration Act 2002.
acquisition cost	The amount shown in the HPP Schedule as our contribution or, as the case may be the finance balance as varied being the amount at which we agree under the Diminishing Co-ownership Agreement to sell our initial share of the Property to you by you making acquisition payments during the payment term .
acquisition payments	agreed acquisition payments and additional acquisition payments .
additional acquisition payment	Any extra payment towards the acquisition cost which you choose to make under clause 2.4 of the DCA terms in accordance with the terms of the Offer Letter to increase your share of the Property (and correspondingly to decrease our share of the Property) and which is made in addition to the agreed acquisition payments due from you under the Diminishing Co-ownership Agreement .
adjustment notice	Any notice served by us under Schedule 1 of the Diminishing Co-ownership Agreement and clause 4.1 of the Lease Agreement , in which we notify you of the agreed acquisition payments (if any) and the rent to be paid on each of the payment dates in a rent period .
agreed acquisition payments	Each monthly acquisition payment together with the final acquisition payment payable in accordance with the terms of the Diminishing Co-ownership Agreement .

Term	Special meanings
Base Rate	The base rate set from time to time by the Bank of England for deposits in sterling on a monthly basis or, if the Bank of England ceases to set such rates, such alternative rate as we may choose.
DCA Terms	The terms of the Diminishing Co-ownership Agreement contained in Section 2 of the T&Cs .
Deed of Variation	A deed entered into between you and us varying the terms of some or all of the HPP Agreements in existence between us pursuant to a new Offer Letter as therein defined.
delay payment	<p>With respect to any sum owed by and demanded from you but not paid on its due date such additional sum determined by us to be the amount after applying the formula below:</p> $\frac{A \times B \times C}{360}$ <p>Where</p> <p>"A" means the amount of such unpaid amount</p> <p>"B" means the percentage published and issued by us from time to time</p> <p>"C" means the number of days from and including such date on which the unpaid amount was due and payable to and including the date of actual payment (whether before or after judgment) in cleared funds.</p>
Diminishing Co-ownership Agreement	The agreement between you and us on the DCA terms relating to our ownership of the Property and your rights to acquire our interest in the Property and otherwise known as a "diminishing musharakah agreement".
Discount	The percentage shown in the HPP Schedule which will be deducted from the Margin in calculating the rental on all rent review dates prior to the Discount End Date .
Discount End Date	The first rent review date when the Discount ceases to apply to the calculation of rent under a Lease Agreement .

Term	Special meanings
Event of Default	<p>Each of the following events or circumstances</p> <ol style="list-style-type: none"> 1. You fail to pay any agreed acquisition payment on its due date for payment. 2. Any representation, warranty or other statement made by you in, or in connection with any HPP Agreement, is incorrect or misleading when made. 3. You are in default under any HPP Agreement and/or in breach or fail to observe and perform any of the covenants or undertakings under or contained in any HPP Agreement. 4. You are in default under any other agreement pursuant to which you provide us with security for your obligations under any HPP Agreement. 5. If you do not obtain or renew the insurance on the Property in accordance with the Lease Agreement, the Service Agency Agreement and/or the Notice to Insure. 6. You let out, relet, share occupation of or fail to occupy the Property without our consent as set out in the Offer Letter, the Lease Agreement Terms or a Letting Consent Letter. 7. There is a material adverse change in your position or circumstances which might prevent you from complying with any material provisions of any HPP Agreement or there is a material adverse change in the position of a Guarantor which might prevent the Guarantor from complying with his or her obligations under the Guarantee or any Guarantor Security. 8. You make any actual, or attempted, repudiation of any HPP Agreement. 9. We exercise our rights to terminate the Lease Agreement. 10. Any further Events of Default included as special conditions in the Offer Letter shall be treated as set out here.
final acquisition costs	<p>The amount at which we agree under the Diminishing Co-ownership Agreement to sell our share of the Property to you if you exercise your right under clause 7 of the Diminishing Co-ownership Agreement or we exercise our right under clause 6 of the Diminishing Co-ownership Agreement. The final acquisition costs will be equal to the finance balance together with any extra cost incurred by us under the Service Agency Agreement but which has not been recovered through the supplemental rent.</p>

Term	Special meanings
final acquisition payment	The amount shown in the HPP Schedule or in any subsequent adjustment notice as being payable on the final completion date being the balance of the acquisition cost not previously paid by the monthly acquisition payments .
final completion	Actual legal completion of the sale of all of our interest in the Property evidenced by us transferring our title to the Property to you .
final completion date	The fifth (5th) working day following expiry of the payment term or (if later) the date that the finance balance is reduced to zero by the acquisition cost having been paid in full, or in each case such earlier date as may be fixed by notice served under clauses 6 or 7 of the Diminishing Co-ownership Agreement .
finance balance	At any time, the acquisition cost less all acquisition payments made prior to that time.
finance to value	At any time the percentage that the finance balance bears to the relevant valuation .
Financial Information Statement	A statement setting out the key terms of the Home Purchase Plan into which you are intending to enter in accordance with the requirements of the Financial Conduct Authority.
Financial Quotation Statement	A statement setting out the key terms of the Home Purchase Plan into which you are intending to enter.
first rent period	The period commencing from the day the Lease Agreement is executed until the payment date falling immediately following the first rent review date .
first rent review date	The date specified in the HPP Schedule which is the first date upon which a rent review takes place.
fixed rental rate	A rental rate agreed for a fixed rental rate period which will be used to calculate the rent instead of the Al Rayan Bank Variable Rental Rate .
fixed rental rate letter	A letter setting out the fixed rental rate and fixed rental rate period agreed between us.
fixed rental rate period	A period during which it has been agreed between you and us that a fixed rental rate will apply in calculating the rent .

Term	Special meanings
Guarantee	The guarantee of your obligations under the HPP Agreements given by a Guarantor .
Guarantor	A person who provides a guarantee of your obligations under the HPP Agreements .
Guarantor Security	Security provided by a Guarantor to us in respect of the obligations of the Guarantor under a Guarantee .
Home Purchase Plan or HPP	The home purchase plan as documented by the HPP Agreements .
HPP Agreements	The Offer Letter , the Diminishing Co-ownership Agreement , the Lease Agreement , the Service Agency Agreement and the Legal Charge incorporating the T&Cs .
HPP Schedule	The financial details of the Home Purchase Plan as set out and so described in the Offer Letter .
Al Rayan Bank Variable Rental Rate	Base Rate together with the Margin .
Initial Payments Schedule	The schedule in the Offer Letter showing the finance balance on entry into the transaction, the Monthly Payments as calculated prior to the first rent review date , the total of Monthly Payments payable up to and including the payment date following immediately after the first rent review date and the finance balance on the payment date following immediately after the first rent review date .
initial rental rate	The rental rate applicable from the start of the payment term until the end of the first rent period .
initial valuation	The valuation of the Property required to be delivered to us as a condition precedent to entry into the Diminishing Co-ownership Agreement or a Deed of Variation .

Term	Special meanings
insured risks	<p>Insurance of the Property and any plant and machinery on the Property including fixtures and improvements on a full reinstatement basis, including, without limitation, site clearance, professional fees and value added tax against:</p> <p>(a) loss or damage by fire, explosion, subsidence, earthquake, riot and civil commotion, acts of terrorism, malicious damage, impact, flood, storm and tempest (including lightning), aircraft (other than hostile aircraft) and articles dropped from them, bursting or overflowing of water tanks apparatus and pipes, boilers or heating equipment;</p> <p>(b) subsidence; and</p> <p>(c) such other risks that would normally be covered under a buildings risks policy taken by a reasonable and prudent person carrying on similar activities to you,</p> <p>and appropriate third party and public liability cover relating to the occupation and use of the Property by you and ownership of the Property by you and by us.</p>
Lease Agreement	The lease agreement entered into between us and you under which you are entitled to occupy the Property in exchange for payment of rent and observation of the Lease Agreement Terms .
Lease Agreement Terms	The terms of the Lease Agreement contained in Section 3 of the T&Cs .
lease term	The period from the date of execution of the Lease Agreement until the earlier of the date 99 years thereafter or the date one day prior to the expiry of any superior lease .
Legal Charge	The first legal mortgage to be granted by you to us over, amongst other rights, your right, title and interest under the Lease Agreement and the Diminishing Co-ownership Agreement as security for all of your liabilities and obligations to us under the HPP Agreements .
Legal Charge Terms	The terms of the Legal Charge contained in Section 5 of the T&Cs .
Letting Consent Letter	A letter from us to you consenting to you sub-letting the Property on the terms set out in the letter.
Margin	The percentage rate set out in the HPP Schedule subject to increase under clause 4.3 of the Lease Agreement Terms to an amount not exceeding the Margin Cap .

Term	Special meanings
Margin Cap	The maximum increase in the Margin under clause 4.3 of the Lease Agreement Terms referred to in the HPP Schedule being not more than 2% higher than the Margin .
maximum finance to value	The percentage set out in the HPP Schedule being the finance to value that may not be exceeded prior to completion of the HPP Agreements and throughout the payment term .
monthly acquisition payment	Each acquisition payment that you make as part of a Monthly Payment in accordance with the terms of the Diminishing Co-ownership Agreement .
Monthly Payment	The aggregate of the rent and the monthly acquisition payment payable each month on the payment date in that month.
mortgaged property	The Property and any interest that you may have in the Property whether under the Lease Agreement or the Diminishing Co-ownership Agreement together with any other property (including any shares in any management company) that may be charged or be intended to be charged under the Legal Charge .
Notice to Insure	The notice to insure addressed by us to you and accompanying the Offer Letter .
Offer Letter	The offer letter setting out the terms of the agreement between you and us in relation to the Property .
our contribution	The amount referred to in the opening paragraph of the Offer Letter to be contributed by us to the purchase price of the Property or the amount payable by us in relation to a refinancing or the finance balance outstanding following entry into a Deed of Variation .
our initial share	Our share at the date of entry into the Diminishing Co-ownership Agreement or following entry into a Deed of Variation and prior to receipt of any subsequent acquisition payment .
our share	Our share of the beneficial interest in the Property from time to time which is equal to the finance balance divided by the purchase price .
payment date	The day in each month for payment of the Monthly Payment as specified in the HPP Schedule .

Term	Special meanings
payment term	The term of the HPP set out in the HPP Schedule over which you will acquire our share in the Property by payment of the agreed acquisition payments .
Property	The property referred to in the heading of the Offer Letter and which is more particularly described in the Diminishing Co-ownership Agreement and which is let under the Lease Agreement .
Property Purchase Contract	A contract between you and the Seller for the acquisition of the Property .
purchase price	The purchase price of the Property payable to the Seller under the terms of the Property Purchase Contract or, where there is a refinancing or entry into a Deed of Variation an amount equal to the initial valuation , in each case as set out in the HPP Schedule .
receiver	A receiver appointed by us pursuant to the Legal Charge .
registered address	Your address as shown on the front page of the Diminishing Co-ownership Agreement .
related person	In relation to any person: (a) that person's spouse; (b) any other person that has similar rights to a spouse under civil laws; (c) that person's parent, brother, sister, child, grandparent or grandchild.
rent	The amount payable under the Lease Agreement for the exclusive use of the Property calculated in accordance with clause 4 of the Lease Agreement Terms .
rent period	A period of three (3) months commencing on the day immediately after the end of the first rent period and (where applicable) each successive period of three (3) months commencing on the day immediately following the end of the previous rent period , or where such period would extend beyond the final completion date, such shorter period as will end on the final completion date .
rental rate	The percentage found by adding the Base Rate to the Margin less any applicable Discount or, if the relevant rent period falls within a fixed rental rate period , the applicable fixed rental rate .
rent review	A review of the rent payable under the Lease Agreement conducted in accordance with clause 4 of the Lease Agreement Terms .
rent review date	In relation to any rent period , the last day of the month before the start of that rent period .

Term	Special meanings
SAA Terms	The terms of the Service Agency Agreement contained in Section 4 of the T&Cs .
secured obligations	<p>All present and future obligations and liabilities (whether actual or contingent and whether accrued jointly or severally or in any other capacity whatsoever) of you to us, whatever their nature or basis, in any currency or currencies and however they are described including (without limitation)</p> <p>a) All sums due to us from time to time under the HPP Agreements as each of them become due for payment.</p> <p>b) All costs and expenses incurred by us and/or any receiver (including any receiver's remuneration) in relation to the HPP Agreements on a full indemnity basis.</p> <p>c) All costs, charges and expenses incurred by us in connection with the protection, preservation or enforcement of our rights under the HPP Agreements.</p>
Seller	The seller of the Property under the Property Purchase Contract .
Service Agency Agreement	The service agency agreement entered into between you and us under which you agree to insure the Property in accordance with the Notice to Insure , to perform structural maintenance of the Property to discharge expenses relating to the Property and to provide other services and to discharge other obligations as our agent on the SAA Terms .
service charge amount	The expenses incurred by you in the course of providing the services , which expenses shall be charged to us in accordance with clause 4 of the Service Agency Agreement .
service charge amount payment date	The third payment date following the next rent review date after the month we receive a notice from you to pay any service charge amount in accordance with the Service Agency Agreement .
services	The services carried out by you under the Service Agency Agreement in accordance with clause 3.1 of the SAA Terms .
Sharia	The rules, principles and parameters of Islamic law as interpreted by our Sharia Supervisory Committee .

Term	Special meanings
Sharia Supervisory Committee	The religious scholars appointed to advise us on the way in which Sharia will be applied in the operation of your account and the Home Purchase Plan .
special condition	The special conditions (if any) set out in paragraph 6 of the Offer Letter which may include undertakings, representations, Events of Default and agreement to you letting the Property .
statutory rights	Rights which are granted by statute, statutory instrument or other legislation (including European Union Legislation) to enable tenants of long leases to enfranchise, extend the term of their leases or acquire the immediate reversion or freehold interest to their lease or to cancel any buildings insurance policy or any interest or policy created under any buildings insurance policy we take out whether under the Leasehold Reform Act 1967, the Landlord and Tenant Act 1987, the Leasehold Reform, Housing and Urban Development Act 1993, the Commonhold and Leasehold Reform Act 2002, the Distance Marketing of Consumer Financial Services Directive (2002/65/EC), the Financial Conduct Authority's Conduct of Business Sourcebook Instrument or other similar legislation (as amended or replaced from time to time) or otherwise.
superior landlord (if any)	The person entitled immediately to the reversion of the superior lease at the end of the term of the superior lease .
superior lease	The lease (if any) by which the Property is vested in us .
superior lease charges	Any charge or other outgoings which we are obliged under the superior lease to pay to any superior landlord .
supplemental rent	The amount charged to you by us equal to the amount charged by you to us under the Service Agency Agreement .
T&Cs	The terms and conditions applicable to the HPP Agreements including this glossary of defined terms used in the HPP Agreements .
Tariff List	At any time and from time to time, the list of charges that we make for carrying out certain tasks or which are payable by you in certain circumstances, the Tariff List applicable at the date of the Offer Letter has been sent to you with the Offer Letter but the charges may be varied from time to time in accordance with clause 5.3 of the Diminishing Co-ownership Agreement and the current Tariff List is available from us on request or through our website.

Term	Special meanings
total loss	Any event which results in the Property being destroyed or damaged beyond repair, or permanently rendered unfit for its current use for any reason whatsoever.
transfer	The transfer of our legal interest in the Property by us to you (or as you may direct) under the Diminishing Co-ownership Agreement .
transferee	A person to whom we transfer, or agree to transfer, the Legal Charge or any of our rights under it.
valuation	The open market value of the Property as shown in the most recent valuation of the Property obtained pursuant to or in relation to the Offer Letter or the Diminishing Co-ownership Agreement .
we, us and our	Al Rayan Bank PLC, and includes our successors or assigns or any person to whom we may transfer our interest in the Property from time to time and " our " means those things related to us .
working day	Any day on which banks are open for general non electronic or automated business in the City of London, excluding Saturdays, Sundays and bank or other public holidays.
you, your and yours	The person or persons (other than us) signing the Offer Letter and the other HPP Agreements as a customer, lessee and purchaser of the Property from us and as service agent under the Service Agency Agreement and " your " means those things relating to you .
your contribution	The amount that you will contribute to the purchase price of the Property being the balance of the purchase price after taking account of our contribution and including any deposit paid on entry into the Property Purchase Contract as shown in the HPP Schedule .
your initial share	The share of the beneficial interest in the Property which is equal to the entire beneficial interest in the Property less our initial share .
your share	Your share of the beneficial interest in the Property from time to time which is initially equal to your initial share but is thereafter equal to the entire beneficial interest in the Property other than our share .



Section 2: Diminishing Co-ownership Agreement (the “DCA terms”)

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Sharia compliance guaranteed

As an Islamic bank, you can be assured that our Home Purchase Plan (HPP) products follow the Sharia rules and requirements for Diminishing Musharaka and Ijara. Where the Offer letter and / or HPP agreement is silent about the Bank's approach in relation to Sharia; the default position is to apply Sharia requirements regarding such matters even if not stated clearly in these terms and conditions.

Our commitment to you, is that Sharia principles will form an integral part of the agreement between you and us at all times. The Bank will fulfill its legal and Sharia requirements regarding its duties and obligations in relation to its share of the property in accordance with the requirements of the Diminishing Musharaka principle whether such obligations are listed in this agreement or not.

We assure you that:

- We will treat you fairly in accordance with the Sharia ethical conduct
- We will always follow our Sharia governance and the guidance provided by our Sharia Supervisory Committee, and where applicable assess matters on a case by case basis to ensure that Sharia requirements are not compromised.

1. Words with special meanings and interpretation

- 1.1 In this deed, unless the context otherwise requires, words and expressions shown in bold type in this deed have the meanings defined in the glossary forming part of these terms and conditions.
- 1.2 For the purposes of Section 2 of the Law of Property (Miscellaneous Provisions) Act 1989 the terms of the **Offer Letter** are incorporated into this deed.
- 1.3 In this deed, unless the context otherwise requires:
 - (a) words in the masculine form also include the feminine and neuter;
 - (b) where any obligation is undertaken by two or more persons, that obligation shall apply to all such persons jointly and each of them individually;
 - (c) words importing persons include an individual, company, corporation, firm, partnership, unincorporated association or body of persons, and any state, or governmental or local division or agency of a state;
 - (d) unless otherwise provided, references to clauses or schedules are references to the relevant clause or schedule in this deed;
 - (e) references to any statute or statutory provision shall include (a) any subordinate legislation made under it, (b) any provision which it has superseded or re-enacted (whether with or without modification), and (c) any provision superseding it or re-enacting it (whether with or without modification);
 - (f) the descriptive headings to clauses and schedules are inserted for convenience only, have no legal effect and shall be ignored in interpreting this deed; and
 - (g) an **Event of Default** is "continuing" if it has not been remedied or waived in accordance with clause 12; and the words and phrases "other", "including" and "in particular" shall not limit the generality of the words preceding or succeeding them or be construed as limiting the succeeding words to the same class as the preceding words.

2. Sale and purchase

- 2.1 **You** agree to buy **our initial share** of the **Property** for the **acquisition cost** in accordance with and subject to the terms and conditions of this deed.
- 2.2 Where the **Property** is being purchased pursuant to a **Property Purchase Contract** from a **Seller**, **you** agree to pay **your contribution** to the **Seller** in accordance with the terms of the **Property Purchase Contract** and no later than the date of this deed.
- 2.3 The **acquisition cost** shall be payable by **you** by way of the **agreed acquisition payments** as referred to in Schedule 1.
- 2.4 **You** may make **additional acquisition payments** in accordance with the terms of the **Offer Letter**.
- 2.5 Each **acquisition payment** made by **you** shall result in **our share** of the **Property** decreasing and, consequently **your share** of the **Property** increasing.
- 2.6 **You** acknowledge and agree that the **agreed acquisition payments** due from **you** must be paid by **you** to such bank account in the United Kingdom as **we** may from time to time require and **you** will provide and maintain a direct debit mandate in **our** favour entitling **us** to debit the **agreed acquisition payments** from your bank account.
- 2.7 **We** shall not be obliged to complete the **transfer** of the **Property** while any sums (including but not limited to any part of the **finance balance**) are owing or unpaid by **you** under this deed or any other **HPP Agreement**.
- 2.8 Any payments **we** receive from **you** pursuant to this deed, the **Lease Agreement**, the **Legal Charge** or the **Service Agency Agreement** shall be applied in the following order:
- (a) **firstly** in meeting any charges which have become payable under the **Tariff List** (which for the avoidance of doubt includes (without limitation) legal costs and expenses incurred as a result of **us** enforcing this deed or any other **HPP Agreement**) but which **you** have failed to pay;
 - (b) **secondly** in paying any sums due but unpaid under the **Legal Charge**;
 - (c) **thirdly** in paying any sums due but unpaid by **you** as **our** agent under the **Service Agency Agreement**;
 - (d) **fourthly** in paying any sums due but unpaid under the **Lease Agreement**;
 - (e) **fifthly** in paying any **acquisition payments** which are due but unpaid; and
 - (f) **sixthly** in reducing or discharging the **finance balance** or the **final acquisition costs** (as the case may be).

3. Final completion

- 3.1 Provided that **you** have made all the **acquisition payments** required to purchase **our share** of the **Property** and paid all outstanding sums due from **you** under this deed, and each other **HPP Agreement**, the legal sale and purchase of the **Property** shall be completed on the **final completion date**, and on **final completion** a **transfer** shall be executed by **us** so as to transfer the legal interest in the **Property** to **you** or into the name of such other person as **you** may nominate.

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- 3.2 If **we** hold any shares in a management or lessor company relating to the **Property** then on **final completion you** promise to buy them, at the price (if any) which **we** paid for them. **We** shall also resign from any directorships or other offices which **we** may hold in such management or lessor company by virtue of **our** ownership of the legal title to the **Property** or the shares in such company.
- 3.3 **Rent** and all other sums outstanding, payable or due during the **rent period** in which **final completion** occurs and other sums payable under the **Lease Agreement** or any other **HPP Agreement** shall be payable on **final completion**.
- 3.4 If there is a default by **you** in performing any of **your** obligations under this deed and **final completion** is delayed, then **we** shall continue to be entitled to the **rent** and all other sums due under the **Lease Agreement** until actual **final completion**.
- 3.5 **We** shall only be required to execute one transfer of the whole of the legal title to the **Property** on **final completion** and if the **transfer** is not to **you**, then **you**, as beneficial owner will be required to join in such transfer so as to effectively transfer both legal and beneficial interest.
- 3.6 The **transfer** shall contain a covenant by the transferee in **our** favour by way of indemnity to observe and perform all covenants and other matters affecting the **Property** and for the observance or performance of which **we** would or might remain liable after **final completion**.
- 3.7 On **final completion, you** shall deliver to **us** a deed in such form as **we** may reasonably require releasing **us** from all liability under **our** covenants in the **Lease Agreement**.

4. Title

- 4.1 For the duration of this deed, legal title to the **Property** shall vest in **us** unless otherwise transferred in accordance with the terms of this deed to **us** and an additional trustee or to a trust corporation holding the legal title in each case on the trusts established by this deed.
- 4.2 The **Property** is sold to **you** subject to and, where appropriate, with the benefit of the **Lease Agreement** and all matters of any sort affecting the **Property**, whether registered or not and whether discoverable by inspection or not except for:
- (a) the **Legal Charge**, which **we** shall release on **final completion**; and
 - (b) any agreement adversely affecting the **Property** entered into by **us** after the date of this deed without **your** consent.
- 4.3 **You** hereby confirm and authorise **us** at any time and at **our** discretion to appoint an additional trustee to hold the legal title jointly with **us**; or, to transfer the legal title to a trust corporation established in England and Wales and in either case to hold the legal title on the trusts established by this deed and, in particular, subject to the obligation to transfer the legal title to **you** following **final completion** pursuant to clause 3.

5. Costs and expenses

- 5.1 Without prejudice to clause 14.8, if **you** fail to pay **us** any sum on its due date for payment under this deed, **you** hereby agree that **you** shall, in addition, pay to **us** on demand any and all of **our** actual costs and expenses (including legal fees of any collection agents) incurred in connection with recovering any unpaid amount (including without limitation **agreed acquisition payments** or **final acquisition costs**) due to **us** under this deed.

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- 5.2 In addition to clause 5.1 above, if **you** fail to pay to **us** any sum (including without limitation **agreed acquisition payments** or **final acquisition costs** payable hereunder) on its due date for payment, or in the case of a sum payable on demand, on the due date of demand, **you** agree to pay to **us** a **delay payment** in the relevant amount (save as otherwise expressly provided in this deed). Any amount received by **us** pursuant to this clause 5.2 in excess of **our** actual losses caused by such delay (but excluding any opportunity costs of reinvesting any unpaid amounts) shall be donated by **us** to charity in accordance with the guidance received from the **Sharia Supervisory Committee**.
- 5.3 **You** agree to pay the charges shown in the **Tariff List**. **We** may vary the charges or include new charges in the **Tariff List** so as to reflect reasonable changes in the cost of administration associated with this deed, any other **HPP Agreement** or in the cost of services provided by **us** or by **our** solicitors acting for **us** in connection with any of the **HPP Agreements**, including this deed (or matters arising under such documents) referred to in this clause 5.3.

6. Termination

- 6.1 In each of the following circumstances if:
- (a) the **Property** is destroyed or damaged by an insured risk and in **our** reasonable opinion the **Property** cannot be completely rebuilt or reinstated from the insurance proceeds available or from **your** other available resources so that the **finance to value** does not exceed the **maximum finance to value** or if **you** notify **us** of the occurrence of a **total loss** under clause 6 of the **Lease Agreement**;
 - (b) **we** lawfully exercise or seek to exercise **our** power of sale under the **Legal Charge**;
 - (c) an **Event of Default** occurs that is continuing and has not been remedied;
 - (d) **you** serve a Notice of Tenant's Claim under the Leasehold and Commonhold Reform Act 2002 (or any Act amending or replacing the same); or
 - (e) **you** exercise or purport to exercise any **statutory rights** other than as described in 6.1(d), **we** may serve not less than ten (10) working days' notice on **you** nominating a **final completion date** or new **final completion date** and requiring **you** to complete the purchase of the **Property** by payment of the **final acquisition costs** and **you** undertake to **us** to complete the purchase of the **Property** by purchasing **our share** of the **Property** on such **final completion date** on payment of such **final acquisition costs**.
- 6.2 If **you** fail to complete the purchase of the **Property** on the **final completion date** nominated under clause 6.1 **we** may (but shall not be obliged to) serve a further written notice on **you** to exercise **our** rights to determine the **Lease Agreement** and to terminate **your** rights under this deed and on expiry of that notice **your** right to acquire the **Property** pursuant to the terms of this deed shall immediately cease and determine but without prejudice to any previous breach by **you** of **your** obligations, and **you** shall immediately procure that any registration of this deed against either **us** or **our** title to the **Property** at the Land Registry shall at **your** cost be cancelled. By way of security, **you** appoint **us** as **your** attorney with full power in **your** name and on **your** behalf to procure the cancellation of any entry relating to this deed at the Land Registry which **you** are obliged to cancel under this clause 6.2 and to do anything to give full effect to this clause.

- 6.3 After the expiry of the notice referred to in clause 6.2 and subject to clause 6.4, **we** shall be entitled to sell the **Property** free of **your** rights to the **Property** under this deed and or the **Lease Agreement** and **you** acknowledge and accept that upon the sale of the **Property** by **us**, **your** beneficial interest in the **Property** shall be treated as having ceased and such rights or interest in the **Property** shall be deemed to have been converted into an interest in the proceeds (if any) resulting from the disposal of the **Property** by **us**. **We** undertake to **you** to pay any balance of the proceeds of such sale (if any) and, if applicable any insurance proceeds to **you** after deducting the following amounts (in the following order of priority):
- (a) **firstly**, by deducting any amounts payable to discharge all outgoings affecting the **Property**;
 - (b) **secondly**, by deducting amounts payable for discharging all costs and expenses incurred by **us** in selling the **Property**;
 - (c) **thirdly**, in paying **us** the aggregate of all sums due but unpaid under the **Legal Charge**;
 - (d) **fourthly**, in paying the aggregate of all sums due but unpaid by **you** as **our** agent under the **Service Agency Agreement**;
 - (e) **fifthly**, in paying **us** the aggregate of all sums due but unpaid under the **Lease Agreement**;
 - (f) **sixthly**, in paying to **us** any **acquisition payments** which are due but unpaid under this deed;
 - (g) **seventhly**, in reducing or discharging the balance of the **finance balance** or the **final acquisition costs** (as the case maybe); and
 - (h) **eighthly** (if applicable), in paying any chargee or other encumbrancer (including **us**, if applicable) whose interest is registered against the register of title at the Land Registry for the **Lease Agreement**.
- 6.4 **You** acknowledge and agree that a sale of the **Property** by **us** in accordance with clause 6.3 shall, to the extent (if any) that it involves the transfer of **your** beneficial interest in the **Property** be pursuant to the exercise of **our** power of sale under the **Legal Charge**.
- 6.5 **You** agree diligently to take all steps as are necessary and are required by **us** to obtain all requisite consents and permissions which without limitation to the foregoing shall include a landlord's licence to assign if the **Property** is a leasehold in accordance with clause 8.1.
- 6.6 **We** shall not be liable to **you** for any loss, damage or expense which arises out of the exercise or purported exercise of **our** powers under this clause 6, the **Legal Charge** or the **Lease Agreement**, unless such loss, damage or expense is due to **our** wilful default or gross negligence.

7. Sale at your request

- 7.1 **You** may at any time by not less than ten (10) working days' written notice to **us** nominate any **payment date** within six (6) months from the date of such written notice being received by **us** as the **final completion date** and require **us** to transfer the **Property** either to **you** upon payment of the **final acquisition costs** or by way of sale to a third party at such price (being not less than the **final acquisition costs**) as **you** may require.

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- 7.2 **We** are not obliged to complete any transfer of the **Property** until **we** are satisfied that all sums due under this deed (including without limitation all **acquisition payments** necessary for **you** to purchase **our share** of the **Property**) and to discharge all liabilities arising under the **Lease Agreement**, the **Service Agency Agreement** and the **Legal Charge** will be paid in full on such transfer. **We** are not obliged to enter into a contract with any third party, but merely to execute a **transfer** in its favour to which **you** will also be a party in order for **you** to transfer **your** beneficial interest in the **Property**.
- 7.3 If **final completion** occurs pursuant to a notice served under clause 7.1 the proceeds of sale received by **us** shall be applied in the order set out in clause 6.3.
- 7.4 **You** do not have the authority from **us** to place the **Property** on the market for sale to the public without **our** prior written consent unless **you** instruct an estate agent to act. This does not apply if the **Property** is being sold to **your** family members or friends.

8. Landlord's licence

If the **Property** is leasehold and a landlord's licence is required to assign the lease to **us** on the purchase of the **Property** by **us** or on the transfer of the **Property** by **us** on **final completion**:

- 8.1 **you** shall supply such information, references, rent deposit and guarantees as the landlord may lawfully require to enable any such assignment to take place;
- 8.2 **we** shall use all reasonable efforts to obtain the licence, but this shall not extend to instituting or defending legal proceedings;
- 8.3 **you** shall pay to **us** within five (5) working days of demand all costs and expenses reasonably incurred by **us** in relation to the application for or obtaining of the licence, including, but not limited to, any costs of the landlord or the landlord's solicitors and **we** shall require **you** to pay to **us** an amount that **we** specify on account of such costs prior to **us** commencing any formalities related to the application for the licence;
- 8.4 **we** shall not be obliged to enter into an authorised guarantee agreement or otherwise to provide any security for **you** or any other person including without limitation any purchaser of the **Property**; and
- 8.5 **you** shall deal promptly and reasonably with any draft licence documents, and shall in any event, if required by the landlord, covenant or procure that the prospective transferee of the **Property** from **us** covenants with the landlord to observe and perform the tenant's obligations under the lease from completion for the remainder of the term of the lease.

9. Matters occurring before final completion

- 9.1 **We** shall not be liable to **you** in respect of, nor shall **you** be entitled to terminate this deed or claim any compensation or loss (of whatever nature) from **us** as a result of any matter affecting the **Property** occurring whether before or after the date of this deed (including without limitation those referred to in clause 9.2) except where caused by **our** deliberate actions.

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- 9.2 The matters referred to in clause 9.1 are:
- (a) any damage or defect in or to the **Property** (whether insured or not) or any deterioration in the physical condition of the **Property**;
 - (b) any occupation of the **Property** by third parties;
 - (c) any breach by **you** of the **Lease Agreement**, the **Service Agency Agreement** or the **Legal Charge**; and
 - (d) any site conditions, environmental or geo-physical matters that may affect the **Property**, all of which matters **you** shall be deemed to have knowledge of or have satisfied yourself about prior to entry into this deed.

10. Representations and warranties

You make each representation and warranty set out in Schedule 2 on (a) the date of this deed and (b) each **payment date** by reference to the facts and circumstances then existing.

11. Undertakings

- 11.1 **You** hereby undertake to comply with each of the undertakings set out in Schedule 3 and to observe and perform all of the obligations expressed to be assumed therein.
- 11.2 If **you** fail to observe and perform all the obligations expressed to be assumed in the provisions of paragraph 2 of Schedule 3 **we** may, at **your** expense, effect any insurance and generally do such things as **we** may reasonably consider necessary or desirable to prevent or remedy any breach of paragraph 2 of Schedule 3.

12. Events of Default

- 12.1 **You** shall promptly notify **us** in writing of any matter which might adversely affect **your** ability to perform any of **your** obligations under this deed and of any **Event of Default** that has occurred or which may or is likely to occur with the lapse of time or otherwise.
- 12.2 Upon the occurrence of an **Event of Default**, **we** shall send **you** a default notice which shall be in writing, sent by first class post pre-paid to **your registered address** and deemed to be given two **working days** after it was posted.
- 12.3 Any default notice sent to **you** in accordance with clause 12.2 shall specify whether:
- (a) **we** consider, in **our** absolute discretion, such **Event of Default** is incapable of remedy; or
 - (b) **you** are required to remedy such **Event of Default** within the period specified in such default notice; or
 - (c) **we**, in **our** absolute discretion, waive such **Event of Default**.
- 12.4 Where **you** do not remedy an **Event of Default** within the period specified in a default notice or where **we**, in **our** absolute discretion, deem an **Event of Default** to be irremediable and have so notified you under 12.3(a), then **we** shall be entitled to exercise **our** rights of termination in accordance with clause 6 and, in particular, but without limitation 6.1(c).

13. Revaluations

- 13.1 **We** may, at any time and at **our** discretion, procure that a **valuation** is carried out by an independent surveyor in the form of either an update of the **initial valuation** or a new **valuation**.
- 13.2 In relation to a **valuation** received by us pursuant to clause 13.1:
- (a) If the relevant **finance to value** exceeds the **maximum finance to value**, **you** shall be liable for the cost of that **valuation**; or
 - (b) If the relevant **finance to value** is less than the **maximum finance to value**, **we** shall be liable for the cost of that **valuation**.

14. Miscellaneous

- 14.1 Both **our** and **your** obligations shall continue after **final completion** insofar as they remain to be performed and observed.
- 14.2 **You** acknowledge that **you** have not entered into this deed, accepted the **Offer Letter** or entered into any of the other **HPP Agreements** in reliance on any advertisement or other matter issued by **us** or **our** agents or solicitors, or in reliance on any statements or representations made to **you** by any of **us** or them.
- 14.3 No term of this deed is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this deed.
- 14.4 Any notice to be served on **us** under this deed must be served on **us** in writing at **our** registered office or if **we** move to another address, that new address. **We** will notify **you** of any new address to which **we** move.
- 14.5 Any notice to be served on **you** under this deed must be in writing and shall be deemed sufficiently served if it is sent by first class post to the **Property** and/or to **your registered address** and shall be deemed to be received two (2) **working days** after posting.
- 14.6 **You** shall not assign the benefit of this deed or any rights under this deed or agree to do so save for any assignment or charge created by the **Legal Charge**.
- 14.7 In addition to **our** right to appoint an additional or substitute trustee of the legal title to the **Property** under clause 4, **we** are entitled to assign or otherwise transfer the benefit of this deed together with the benefit of all or any of the other **HPP Agreements** including, without limitation the **Offer Letter** provided that **your** rights to buy **our share** of the **Property** under the terms of this deed are preserved against **us** or **our** assigns and successors in title.
- 14.8 **You** shall, on an indemnity basis, pay to **us** on demand all Stamp Duty Land Tax, land registry fees or other fees, costs, losses, damages and expenses incurred by **us** in the purchase of the **Property** (and the registration of any matters with any landlord) and the sale of **our share** of the **Property** pursuant to this deed, the letting of **our share** of the **Property** under the **Lease Agreement**, the charging of the **Property** under the **Legal Charge**, the carrying out by **you** of activities on **our** behalf under the **Service Agency Agreement** and any enforcement of this deed, the **Lease Agreement**, the **Service Agency Agreement** and/or the **Legal Charge**.

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- 14.9 If the sale by **us** of the **Property**, whether to **you** or to a third party, is completed at a time when an insurance claim is outstanding in respect of damage to the **Property** we agree to account to **you** for all insurance monies received by **us** as a result of that claim (after deducting any sums payable (but unpaid) by **you** to **us** under this deed, the **Offer Letter**, the **Lease Agreement**, the **Service Agency Agreement** or the **Legal Charge**) and not expended in reinstatement of the damage.
- 14.10 All sums to be paid by **you** to **us** under this deed shall be paid without any withholding deduction or set off whatsoever nature and, whether legal or equitable save as may be required by any applicable law to which **you** are subject.
- 14.11 **You** acknowledge and agree that **your** sole right to occupy or enjoy the benefit of rents from the **Property** arises under the **Lease Agreement**; and you waive any right to occupy the **Property**, other than under the **Lease Agreement**, including any right that may arise under this deed to occupy or enjoy the benefit of rents from the **Property** or enjoy the benefit of **rent** arising under the **Lease Agreement** by virtue of **your share** of the **Property**.

15. Governing law, jurisdiction and Sharia

- 15.1 **You** and **we** agree that we have reviewed this deed, the **Offer Letter** and each other **HPP Agreement** for the purposes of their compliance with **Sharia** and have, to the extent that **you** or **we** consider necessary taken independent advice from advisers specialising in matters of **Sharia** and confirm that we are each satisfied that the provisions of this deed, the **Offer Letter** and each other **HPP Agreement** do not contravene **Sharia** and neither of us have any objection, nor will **you** or **we** raise any objections as to matters of **Sharia** compliance in respect of or otherwise in relation to the provisions of this deed, the **Offer Letter** and each other **HPP Agreement**.
- 15.2 **You** and **we** recognise and agree that the principle of the payment of interest is not permitted under **Sharia** and accordingly to the extent that any legal system would (but for the provisions of this clause) impose (whether by contract or by statute) any obligation to pay interest, **you** and **we** hereby irrevocably and unconditionally expressly waive and reject any entitlement to recover interest from each other.
- 15.3 This deed, the **Offer Letter**, each other **HPP Agreement** and all non-contractual obligations arising out of or in connection with any of them are governed by and shall be construed in accordance with English law.
- 15.4 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this deed, the **Offer Letter** or each other **HPP Agreement** (including a dispute regarding the existence, validity or termination of any of them) (a "**Dispute**"). **We** and **you** agree that the courts of England are the most appropriate and convenient courts to settle **Disputes** and accordingly neither of us will argue to the contrary.

Schedule 1: Payment profile

1. The **acquisition cost** shall be payable by **you** as follows:
 - (a) the **monthly acquisition payments**, which shall be paid in cleared funds on each **payment date**;
 - (b) the **final acquisition payment** shall be paid on the **final completion date**; and
 - (c) you are free to make any **additional acquisition payments** in accordance with clause 2.4.
2. Before the start of each **rent period** when there is a change to the **agreed acquisition payments** previously notified to **you, we** shall send **you** an **adjustment notice** notifying **you** of the adjusted **monthly acquisition payments** and **rent** which shall be payable on each of the **payment dates** in that **rent period** and any changes to the previously notified **agreed acquisition payments** including any **final acquisition payment**.

We shall calculate the adjusted **agreed acquisition payments** so that:

- (a) the total of the **monthly acquisition payments** and the **rent** payable on each **payment date** in a **rent period** remains constant throughout that **rent period** (although the **monthly acquisition payments** will increase and the **rent** will reduce as a proportion of each successive payment made during the **rent period**); and
- (b) the **finance balance** is paid in full over the course of the remaining balance of the **payment term**.

Schedule 2: Representations and warranties

You hereby represent and warrant to **us** that:

1. **You** are not in default under any contract other than this deed to which **you** are a party (including without limitation the **Offer Letter**, the **Legal Charge**, the **Service Agency Agreement** or the **Lease Agreement**).
2. No **Event of Default** has occurred or is likely to occur.
3. **You** have not entered into this deed, the **Offer Letter** or any other **HPP Agreement** in reliance on, or as a result of, any statement or conduct of any kind by **us** other than the issue of the **Offer Letter**.
4. All written information that **you** have provided to **us**, including without limitation the information contained in **your** application is complete, true, up to date and accurate or was so at the date that it was provided to **us**.
5. All written information supplied by **you** or on **your** behalf to a valuer for the purposes of a **valuation** including the **initial valuation** was (as at the date it was provided), true, complete, up to date, accurate and not misleading in any material respect and no information was omitted which, if disclosed, would be or would have been reasonably likely to adversely affect the accuracy of the **valuation**.
6. There has been no material adverse change in **your** financial position or circumstances since the date of **your** application or the last time that **you** gave this representation whichever is the later.
7. **You** have obtained and there is in full force and effect an insurance policy that conforms with the requirements of the **Notice to Insure** and is in accordance with the **Service Agency Agreement** and **you** have paid the premiums due thereunder in full and on their respective due dates.
8. **You** entered into this deed, the **Offer Letter** and the other **HPP Agreements** after having reviewed each of them and the overall transaction to satisfy yourself that they are compliant with **Sharia** and, to the extent **you** have considered this necessary, **you** have taken independent advice from advisers specialising in matters of **Sharia** and
 - (a) **you** are satisfied that the provisions of this deed, the **Offer Letter** and the other **HPP Agreements** do not contravene **Sharia**; and
 - (b) **you** confirm that **you** do not have any objection, nor will **you** raise any objections as to matters of **Sharia** compliance in respect of or otherwise in relation to the provisions of this deed, the **Offer Letter** or the other **HPP Agreements**.
9. Any representations under this deed included as **special conditions** in the **Offer Letter** are true.
10. All the matters described above are true on the date of this deed and on each **payment date**.

Schedule 3: Undertakings

1. Positive undertakings

You shall, from the date of this deed and so long as monies are outstanding under this deed:

- (a) ensure that **your** payment obligations under this deed and the other **HPP Agreements** rank at least equally and rateably to all **your** other unsecured payment obligations except for obligations mandatorily preferred by law applying to **you** and to individuals or, as applicable, companies generally; and
- (b) provide **us** with such financial and other information concerning **you** and **your** financial affairs as **we** may reasonably require.

2. Insurance undertakings

You shall, from the date of this deed and in accordance with the **Service Agency Agreement** and the **Notice to Insure** and so long as monies are owing under this deed:

- (a) promptly pay all premiums and do all other things necessary to keep a insurance in conformity with the **Notice to Insure** in full force and effect;
- (b) when requested by **us** produce evidence of any insurance premium paid;
- (c) **you** shall procure that **we** receive any information in connection with the insurance and copies of the policy and the respective certificate;
- (d) **you** shall notify **us** of renewals made and material variations or cancellations of the policy made or, to **your** knowledge, threatened or pending;
- (e) **you** shall not do or knowingly permit anything to be done which may make void or voidable an insurance policy in connection with any part of the **Property** or in respect of any other **insured risks**;
- (f) immediately notify **us** of the occurrence of any **insured risk** or any other matter which ought reasonably to be notified to the insurers; and
- (g) comply with all the conditions of the insurance policy and all the requirements of the insurers.

3. Negative undertakings

You shall not, from the date of this deed and so long as monies are owing under this deed:

- (a) Permit any encumbrance whatsoever to exist over any of **your** assets (with the exception of any security over the **Property** granted in favour of **us** by virtue of the **Legal Charge**);
- (b) Grant credit or give any guarantee to or for the benefit of any person, without **our** prior written consent.

4. Financial undertakings

You shall, from the date of this deed and so long as monies are owing under this deed, ensure that the **finance to value** does not exceed the **maximum finance to value**.

5. Special conditions

Any undertakings or covenants under this deed included as **special conditions** in the **Offer Letter** shall be treated as set out here and included as undertakings or covenants under this deed.



Section 3: Lease Agreement Terms

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1. Words with special meanings

- 1.1 In this **Lease Agreement**, unless the context otherwise requires, words and expressions shown in bold type in this **Lease Agreement** have the meanings defined in the glossary forming part of these terms and conditions.
- 1.2 In this **Lease Agreement**, unless the context otherwise requires:
- (a) words in the masculine form also include the feminine and neuter;
 - (b) where any obligation is undertaken by two or more persons, that obligation shall apply to all such persons jointly and each of them individually;
 - (c) words importing persons include an individual, company, corporation, firm, partnership, unincorporated association or body of persons, and any state, or governmental or local division or agency of a state;
 - (d) unless otherwise provided, references to clauses or schedules are references to the relevant clause or schedule in this **Lease Agreement**;
 - (e) references to any statute or statutory provision shall include (a) any subordinate legislation made under it, (b) any provision which it has superseded or re-enacted (whether with or without modification), and (c) any provision superseding it or re-enacting it (whether with or without modification);
 - (f) the descriptive headings to clauses and schedules are inserted for convenience only, have no legal effect and shall be ignored in interpreting this **Lease Agreement**;
 - (g) an **Event of Default** is “continuing” if it has not been remedied or waived in accordance with clause 12 of the **Diminishing Co-ownership Agreement**; and the words and phrases “other”, “including” and “in particular” shall not limit the generality of the words preceding or succeeding them or be construed as limiting the succeeding words to the same class as the preceding words.
- 1.3 References to any right for **us** to have access to the **Property** shall be treated as also applying to any **superior landlord**.
- 1.4 Any covenant by **you** not to do or omit any act or thing shall be deemed to include an obligation not to permit or suffer such act or thing to be done or omitted by another person.
- 1.5 Any reference to the end of the **lease term** means the expiry or earlier termination of the **lease term** and any reference to the last year of the **lease term** means the period of twelve (12) calendar months immediately preceding such expiry or earlier termination.
- 1.6 Any provisions in this **Lease Agreement** which require **you** to obtain **our** consent or approval also require **you** to obtain any necessary consent or approval of any **superior landlord** but nothing in this **Lease Agreement** implies any obligation upon any **superior landlord** not to refuse any such consent or approval unreasonably.
- 1.7 References to any legislation, statute, rule or order (other than the Town and Country Planning (Use Classes) Order 1987) shall be deemed to include every statutory modification re-enactment or replacement of it for the time being in force and every bye-law statutory instrument rule order notice direction and regulation from time to time made or in force under it.

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- 1.8 Wherever and to the extent that any provision of this **Lease Agreement** would or might contravene the provisions of section 25 of the 1995 Act then:
- (a) such provision is to take effect only in so far as it may do so without contravening section 25 of the 1995 Act;
 - (b) where such provision is incapable of having any effect without contravening section 25 of the 1995 Act this **Lease Agreement** is to be construed and interpreted as if such provision was deleted; and
 - (c) the legality validity and enforceability of any of the remaining provisions of this **Lease Agreement** is not in any way to be affected or impaired as a result of any such deletion of a provision.
- 1.9 References to tax or taxation are to present and future taxes together with any penalties, additions, fines or surcharges or any extra payments properly payable on such taxes.

2. The letting

We hereby lease the **Property** to **you** for the **lease term** TOGETHER with any rights (if any) granted under the **superior lease** and the rights and easements set out in Schedule 2 EXCEPTING AND RESERVING to **us** (and where applicable the **superior landlord**) the rights **TO HOLD** the same unto **you** for the **lease term** SUBJECT TO the matters and items affecting the title to the **Property** which has already been deduced to **you**.

3. Rent and other payments

- 3.1 Subject to any variation under clause 4, during the **payment term**, **rent** is payable as follows:
- (a) the **rent** accruing from the date of this **Lease Agreement** to the next to occur **payment date** shall be payable on that **payment date**. **We** will notify **you** of the amount payable no later than the date on which this **Lease Agreement** is executed;
 - (b) the **rent** accruing during the **first rent period** shall be payable as part of the **Monthly Payments** on the relevant **payment dates** as notified to **you** in the **Initial Payments Schedule** in the **Offer Letter**;
 - (c) thereafter, the **rent** accruing during each **rent period** is payable in monthly instalments on the relevant **payment dates** as part of the **Monthly Payment** specified in the **HPP Schedule** as modified by any **adjustment notice**;
 - (d) from the end of the **payment term** until the end of the **lease term**, a **rent** of one (1) peppercorn is payable (if demanded) (but without prejudice to **your** obligation to pay any amounts in relation to **supplemental rent**); and
 - (e) the **rent** and other sums due under this **Lease Agreement** shall be paid by **you** to such bank account in the United Kingdom as **we** may from time to time require, and **you** will provide and maintain a direct debit mandate in **our** favour entitling **us** to debit the **rent** and other sums due under this **Lease Agreement** and other **HPP Agreements** from **your** bank account.

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- 3.2 If **you** fail to pay **us** any sum on its due date for payment under this **Lease Agreement**, **you** hereby agree that **you** will pay to **us** on demand any and all of **our** actual costs and expenses (including legal fees of any collection agents) incurred in connection with recovering any unpaid amount (including without limitation **rent**) due to **us** under this **Lease Agreement**.
- 3.3 In addition to any amounts payable to **us** under clause 3.2 above, if **you** fail to pay to **us** any sum (including without limitation, the **rent** payable hereunder) on its due date for payment, or in the case of a sum payable on demand, on the due date of demand, **you** agree to pay to **us** a **delay payment** on the relevant amount (save as otherwise expressly provided in this **Lease Agreement**). Any amount received by **us** pursuant to this clause 3.3 in excess of **our** actual losses caused by such delay (but excluding any opportunity costs of reinvesting such unpaid amounts), shall be donated by **us** to charity in accordance with the guidance received from the **Sharia Supervisory Committee**.
- 3.4 **You** agree to pay the charges shown in **our Tariff List**. **We** may vary the charges so as to reflect reasonable changes in the cost of administration associated with this **Lease Agreement**, any other **HPP Agreement** or associated with the **Property** or the cost of services provided by **us** or by **our** solicitors acting for **us** in connection with any of the matters referred to in the **Tariff List**.
- 3.5 In a case where **we** hold the **Property** as tenant under a **superior lease**, **you** agree that:
- (a) unless and until **we** give you a direction to the contrary under this clause 3.5, **you** will make prompt payment to the **superior landlord** of any sums due and payable from **us** to the **superior landlord** in accordance with and in satisfaction of **our** obligations under the **superior lease**, including (but not limited to) any sums due in respect of rent, insurance and **superior lease charges** and any payments in respect of any late payment; and
 - (b) if **we** so direct in writing, **you** will instead pay the sums mentioned in clause 3.5(a) to **us** by way of additional **rent** within fourteen (14) days of **our** written demand.
- 3.6 **You** will also pay to **us** or as directed by **us** within fourteen (14) days of written demand the following sums:
- (a) any costs reasonably incurred by **us** as a result of any application for consent or approval under this **Lease Agreement**, or any other request from **you** relating to this **Lease Agreement**;
 - (b) by way of indemnity, all fees, damages, costs, losses and expenses incurred by **us** as a result of any breach by **you** of **your** obligations under this **Lease Agreement**; and
 - (c) any **supplemental rent** due to **us** by **you** which **we** will calculate to be equivalent to any **service charge amount** **you** charge **us** under the **Service Agency Agreement**.
- 3.7 If any letter, notice or other communication addressed to **us** is sent or delivered to the **Property**, **you** agree that **you** will immediately forward the letter, notice or other communication to **us** by first class post addressed to **our** registered office or if **we** move to a new address, to the new address. **We** will notify **you** of any new address to which **we** move.

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- 3.8 All sums due to **us** under this **Lease Agreement** shall be:
- (a) paid by **you** without any withholding set-off or deduction of whatsoever nature, and whether legal or equitable other than may be required by law;
 - (b) applied, when received, in the following order:
 - (i) **firstly**, in meeting any charges which have become payable (which for the avoidance of doubt includes (without limitation) legal costs and expenses incurred as a result of **us** enforcing this **Lease Agreement**) under the **Tariff List** but which **you** have failed to pay;
 - (ii) **secondly**, in paying any sums due but unpaid under clauses 3.1 to 3.6 inclusive and/or under clause 2.1 and clause 7 of the **Legal Charge**;
 - (iii) **thirdly**, in paying any **rent**;
 - (iv) **fourthly**, in paying any **acquisition payments** which are due but unpaid under the **Diminishing Co-ownership Agreement**; and
 - (v) **fifthly**, in reducing the **finance balance**, the **final acquisition payment** or any other **final acquisition costs** (as the case may be) due under the **Diminishing Co-ownership Agreement**.

4. Variation of the rent and margin

- 4.1 Before the start of each **rent period**, **we** will send **you** an **adjustment notice** notifying **you** of the **rent** and **monthly acquisition payments** which will be payable on each of the **payment dates** in that **rent period**. The **rent** payable shall be calculated on a monthly basis on the **rent review date** and on the assumption that all **Monthly Payments** are paid on time and by applying the following formula:

$$\frac{(\text{rental rate} \times \text{finance balance})}{12}$$

- 4.2 The **rent** payable shall be paid in the amounts and on the **payment dates** specified in the relevant **adjustment notice** (plus any **supplemental rent we** may charge).
- 4.3 **We** shall be entitled at any time, at **our** absolute discretion, to vary, by increasing or decreasing, the **Margin** applicable to the calculation of the **rent**, save that **we** shall not be entitled to increase the **Margin** at any time when a **Discount** is applicable, or to increase the **Margin** at any time to an amount in excess of the **Margin Cap**.

5. Continuing rent provision

- 5.1 **You** acknowledge and agree that:
- (a) **your** obligations to pay **rent** under this **Lease Agreement** shall be absolute, unconditional and irrevocable and **our** rights to such **rent** shall be absolute, unconditional and irrevocable;

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- (b) **your** obligations under this **Lease Agreement** shall not be affected nor shall **our** right under this **Lease Agreement** to receive the **rent** be affected by reason of:
- (i) any default by **us** under this **Lease Agreement** or under any other **HPP Agreement** or the **superior lease** (if any);
 - (ii) any action of any government or other competent authority; or
 - (iii) any other cause whatsoever whether similar or dissimilar to the foregoing.

6. Total loss and termination

- 6.1 If the **Property** suffers a **total loss**, then:
- (a) **you** shall promptly notify **us** of such event on the day that it occurs;
 - (b) **your** obligation to pay **rent** in respect of the **Property** shall terminate forthwith from the date upon which **you** notify **us** of such **total loss**; and
 - (c) **we** shall be entitled to exercise **our** rights of termination under clause 6 of the **Diminishing Co-ownership Agreement** and/or under this **Lease Agreement**.
- 6.2 If either of us exercises our respective rights under the **Diminishing Co-ownership Agreement** to nominate a **final completion date**, then this **Lease Agreement** shall terminate on the actual **final completion**, without prejudice to **our** rights in connection with any antecedent breach by **you** of the terms of this **Lease Agreement**.

7. Insurance

- 7.1 Except to the extent that the **Property** is insured by a **superior landlord you** are obliged to insure the **Property** against the **insured risks** in accordance with the **Service Agency Agreement** and the **Notice to Insure**.
- 7.2 If the **Property** is damaged or destroyed by an **insured risk we** will apply all insurance proceeds received by **us** in rebuilding or reinstating the **Property** except in the circumstances referred to in clause 6.1(a) of the **Diminishing Co-ownership Agreement** in which case the insurance proceeds will be applied in accordance with clause 6.4 of the **Diminishing Co-ownership Agreement**.
- 7.3 **You** will allow **us** or **our** agents or representatives, and procure that they are afforded all necessary facilities, to inspect or survey the **Property** at any reasonable time. **We** will notify **you** of **our** proposed visit to the **Property** in writing at least two (2) days before the date of the scheduled visit.

8. Superior lease

You covenant with **us** to observe and perform and comply with the lessee's covenants in any **superior lease** (if any) but only to the extent that those covenants are not already required to be complied with under the provisions of this **Lease Agreement**.

9. Service

- 9.1 Any notice to be served on **us** under this **Lease Agreement** must be served on **us** in writing at **our** registered office or if **we** move to a new address, to the new address. **We** will notify **you** of any new address to which **we** move.
- 9.2 Any notice to be served on **you** under this **Lease Agreement** must be in writing and shall be deemed sufficiently served if it is sent by first class pre-paid post to the **Property** or to **your registered address** and shall be deemed to be received two working days after posting.

10. Re-entry

- 10.1 If any of the following events occurs:
- (a) the whole or any part of the **rent** payable under this **Lease Agreement** is in arrears for 60 days (whether legally demanded or not);
 - (b) **you** are in breach of, or neglect to perform, or observe, any of **your** covenants or the terms and conditions contained in this **Lease Agreement** and such breach is not remedied within five (5) **working days** of notice being given by **us**; or
 - (c) without prejudice to the terms of clause 10.1(b) an **Event of Default** occurs and is continuing.
- 10.2 In circumstances where any of the events described in 10.1 above occurs then **we** may determine this **Lease Agreement** at any time on or after such event occurring by giving to **you** a notice in writing and upon service of such written notice the term of years granted by this **Lease Agreement** shall immediately cease and determine and any letting of the **Property** by **us** to **you** shall terminate and **we** may recover possession of the **Property** but without prejudice to the respective rights of either party in respect of any antecedent claim or breach of covenant.

11. No implied easements

This **Lease Agreement** does not (by implication or otherwise) confer upon **you** any rights or privileges not expressly set out in this **Lease Agreement**.

12. Landlord not liable for damage

We will not be liable to **you** or to any other person for any accident, loss or damage which may be caused to **you** or any other person or caused to the **Property** or to any goods or property of **yours** or any other person as a result of any act, neglect, default or omission of any kind whatever of **ours** or of **our** employees, agents, lessees or invitees or any other person or as a result of any breach of any obligation in this **Lease Agreement** or the **Service Agency Agreement** whether express or implied or as a result of any fire or leakage or overflow from any pipes, taps, mains, cisterns or other appliances in or near the **Property** or as a result of any other cause whatever and **we** will not be liable to any person not a party to this **Lease Agreement** to perform any of the covenants in this **Lease Agreement** whether express or implied insofar as such covenants impose obligations going beyond the common duty of care imposed by the Occupiers Liability Acts 1957 and 1984 or the Defective Premises Act 1972.

13. Compensation

Except where any statutory provision prohibits **your** right to compensation being reduced or excluded by agreement, **you** will not be entitled to claim from **us** on quitting the **Property** or any part of it or otherwise at the end of the **lease term**, any compensation under statute or otherwise.

14. Covenants

14.1 Throughout the **lease term**, **you** covenant with **us** to observe and perform the covenants set out in Schedule 1.

14.2 **We** covenant with **you** that if **you** pay the **rent** and observe and perform **your** covenants and the conditions contained in this **Lease Agreement**, **you** may quietly enjoy the **Property** during the **lease term** without any interruption by **us** or any person lawfully claiming under or in trust for **us**.

15. Third party rights

No term of this **Lease Agreement** is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this lease.

16. Agreement for lease

This **Lease Agreement** is not granted pursuant to any agreement for lease.

Schedule 1: Covenants

You covenant with **us** throughout the **lease term**:

1. to pay and discharge all outgoings including charges for electricity and gas and metered water (if any) drainage and telecommunications facilities supplied to the **Property** (including any reconnection fees and standing charges);
2. to pay all assessments, charges, impositions, outgoings, rates and taxes, Council Tax (or any tax introduced to replace Council Tax) and water rates (if any) assessed on the **Property** or the occupation of the **Property** or otherwise;
3. to keep the **Property** and all its fixtures and fittings in good and substantial repair and condition and forthwith to replace all broken glass and windows of the **Property**;
4. not to pull down alter add to or in any way interfere with the construction or arrangement of the **Property** without **our** consent (not to be unreasonably withheld provided that any requisite statutory or public authority consent has been obtained);
5. to comply with all statutory or other obligations and recommendations and requirements of insurers and competent authorities relating to the **Property** and promptly to forward to **us** any notices received in relation to the **Property**;
6. not to use the **Property** for any trade or business purpose whatsoever;
7. to use the **Property** in a tenant like manner and not to commit any waste;
8. to use the **Property** in a peaceful and quiet manner and not to use or permit the use of the **Property** for any improper immoral or illegal purpose nor to do or suffer to be done in the **Property** or any part of it any act or thing which may be a nuisance damage or annoyance to **us** or to the owners or occupiers of any neighbouring property;
9. not to do anything at the **Property** whereby the policy of insurance of the **Property** for the time being in force may become void or voidable or whereby the premium for such insurance may be increased;
10. to comply in all respects with all rules and regulations from time to time in force relating to the occupation and use of the **Property** and to the extent that an occupier of the **Property** is required to do so to comply in all respects with the provisions of all statutes bye-laws and other orders and regulations and the requirements of all competent authorities relating to the **Property** or to the use and occupation thereof;
11. to perform and observe and procure the performance and observance at all times during this **Lease Agreement** of the tenant's covenants and the conditions and stipulations in the **superior lease** and all restrictive and other covenants stipulations exceptions reservations and other matters affecting **our** title to the **Property** and to indemnify **us** from and against all actions costs claims and demands arising out of any breach non-observance or non-performance thereof provided always that the covenants conditions and stipulations aforesaid shall not operate to confer upon **you** any right power or privilege which is not expressly granted by this **Lease Agreement**;

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12. to enter into any documents required under the terms of the **superior lease** and not to do any act matter or thing which under the terms of the **superior lease** requires the approval of the **superior landlord** without first obtaining such approval and any approval from **us** under the terms of this **Lease Agreement** in all cases at **your** expense in respect of all fees and expenses reasonably incurred relating to such approvals whether or not such approvals are granted;
 13. to take all reasonable steps at all times to prevent unauthorised entry to the **Property** and to keep it secure;
 14. to occupy the **Property** personally as **your** only or principal home unless **we** have provided **our** consent to **you** or others occupying the **Property** on some other basis or **we** have consented to **your** letting the **Property** under a **special condition** or with a **Letting Consent Letter**;
 15. not to assign, hold on trust, underlet, deal with or part with possession of the **Property** or any part of it unless **we** have provided **our** consent to **your** letting the **Property** under a **special condition** or with a **Letting Consent Letter**;
 16. to notify **us** of any defect or want of repair in the **Property**;
 17. to permit **us** or any **superior landlord** or their respective agents with or without workmen and others at any time during the **lease term** (at convenient hours in the daytime on reasonable notice, except in the case of emergency when no notice shall be required) to enter the **Property** for the purpose of:
 - (a) repairing and painting the outside of the **Property** or any adjoining property or carrying out or completing any structural or other repairs necessary or required to the **Property** or any adjoining property;
 - (b) examining the state and condition of the **Property** and (if necessary) giving to **you** notice in writing to make good and amend within the three (3) months next following all wants of repair to the **Property** then found;
 - (c) repairing and amending at **your** expense the wants of repair referred to in paragraph (b) if **you** shall have failed to do so within the time specified; or
 - (d) exercising any rights granted under the **superior lease**;
 18. to permit **us** or **our** agents or those with written authority from **us** or **our** agents to view the **Property** at reasonable times of the day in the event of **us** wishing to dispose of **our** interest in the **Property**;
 19. at the end of the **lease term** or otherwise on the termination of this **Lease Agreement** to deliver up possession of the **Property** to **us**; and
 20. to comply with **your** obligations under the **Diminishing Co-ownership Agreement**, the **Service Agency Agreement** and the **Legal Charge**.

Schedule 2: Rights and Easements

All those rights and easements benefitting the **Property** and contained or referred to in the transfer of the **Property** to **us**.



Section 4: Service Agency Agreement Terms (“SAA Terms”)

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1. Words with special meanings

- 1.1 In this **Service Agency Agreement**, unless the context otherwise requires, words and expressions shown in bold type have the meanings defined in the glossary forming part of these terms and conditions.
- 1.2 In this **Service Agency Agreement** unless the context otherwise requires:
- (a) words in the masculine form also include the feminine and neuter;
 - (b) where any obligation is undertaken by two or more persons, that obligation shall apply to all such persons jointly and each of them individually;
 - (c) words importing persons include an individual, company, corporation, firm, partnership, unincorporated association or body of persons, and any state, or governmental or local division or agency of a state;
 - (d) unless otherwise provided, references to clauses or schedules are references to the relevant clause or schedule in this deed;
 - (e) references to any statute or statutory provision shall include (a) any subordinate legislation made under it, (b) any provision which it has superseded or re-enacted (whether with or without modification), and (c) any provision superseding it or re-enacting it (whether with or without modification);
 - (f) the descriptive headings to clauses and schedules are inserted for convenience only, have no legal effect and shall be ignored in interpreting this deed; and
 - (g) the words and phrases "other", "including" and "in particular" shall not limit the generality of the words preceding or succeeding them or be construed as limiting the succeeding words to the same class as the preceding words.

2. Appointment and fee

- 2.1 **We** hereby appoint **you** as **our** service agent and **you** hereby agree to act as service agent to perform and discharge the **services** during the **lease term** and in accordance with the terms of the **Lease Agreement**.
- 2.2 In consideration of **you** acting as **our** service agent, **you** shall receive on written demand, a fee in the amount of £1, and by signing this **Service Agency Agreement you** hereby acknowledge the receipt of this fee.

3. Your obligations under this Service Agency Agreement

- 3.1 From the date of this deed and so long as any monies are, or may become outstanding under any of the **HPP Agreements you** agree, as **our** service agent to:
- (a) carry out all structural maintenance and repairs to the **Property** to the extent that such obligation is not the obligation of a **superior landlord**;
 - (b) make payment or procure the payment of any charges affecting the **Property**;
 - (c) obtain and maintain adequate insurances to cover the **insured risks** as required in accordance to the **Notice to Insure**;

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- (d) promptly pay all premiums and do all other things necessary to keep an insurance policy in force and in conformity with the **Notice to Insure**;
 - (e) produce evidence of any insurance premium paid at **our** reasonable request;
 - (f) procure that **we** receive any information in connection with the insurance and copies of the policy and the respective certificate;
 - (g) notify **us** of renewals made and material variations or cancellations of the policy made or, to **your** knowledge, threatened or pending;
 - (h) not do or knowingly permit anything to be done which may make void or voidable an insurance policy in connection with any part of the **Property**;
 - (i) immediately notify **us** of the occurrence of any **insured risk** or any other matter which ought reasonably to be notified to the insurers; and
 - (j) comply with all the conditions of the insurance policy and all the requirements of the insurers and in the event **you** fail to renew the insurance policy, **we** shall pay the insurance premium and deduct from **your** account the amount of the insurance premium and any administration fees and costs in accordance with **our Tariff List**.
- 3.2 If **you** fail to effect any of **your** obligations under clause 3.1 and **we** have notified **you** of such failures, **we** shall be entitled but shall not be bound to carry out any or all of the services and **you** shall indemnify **us** for the full cost of and any associated expenses paid by **us**, and **you** shall pay to **us** any reasonable administration costs that **we** might charge as a result of **your** failure to comply with **your** obligations under this **Service Agency Agreement**, including, but not limited to, any renewal insurance premiums and administrative fees and costs in the event **you** fail to renew the insurance policy in respect of the **Property**.

4. Costs and expenses

- 4.1 As **our** service agent, **you** hereby undertake to pay or procure payment in a timely fashion any and all costs, fees and expenses in connection with and related to, and necessary or desirable for the performance and discharge of the **services** in respect of the **Property**.
- 4.2 Subject always to clause 4.4, and provided that no **Event of Default** has occurred, **we** hereby undertake and agree to pay **you** on each **service charge amount payment date**, the **service charge amount** due on such date in respect of the **Property**.
- 4.3 **We** shall be entitled to set-off against **our** obligations to pay the **service charge amount** in respect of the **Property** **our** right to receive sums from **you** (including **supplemental rent**) under clause 3.6 of the **Lease Agreement** (regardless of whether such sums are actually received in whole or in part).
- 4.4 For the avoidance of doubt, **we** shall not be obliged to make any cash payments to **you** under this **Service Agency Agreement**.
- 4.5 **Our** obligation to pay the **service charge amount** shall terminate automatically in full at the same time as the **Lease Agreement** terminates for any reason whatsoever.

5. Covenants and undertakings

You covenant and undertake to **us**, from the date of this deed until all **your** liabilities and obligations under this deed and under the other **HPP Agreements** have been discharged:

- (a) to provide **us** promptly with such information regarding the condition of the **Property** as **we** may from time to time reasonably require;
- (b) to permit **us** or **our** agents or representatives, and procure that they are afforded all necessary facilities, to inspect or survey the **Property** at any reasonable time provided that such inspections are carried out in accordance with the **Lease Agreement**;
- (c) not to attempt or hold yourself out as having any power to sell, charge, lease or otherwise encumber or dispose of the **Property**, nor create, incur or suffer to exist any encumbrance (other than **our** charge) over the **Property**; and
- (d) not to do or permit to be done any act or thing which might jeopardise **our** legal and beneficial title to, rights and interest in or security over the **Property** and/or not to omit or permit to be omitted to be done any act which might jeopardise that legal and beneficial title, those rights and interest or security over the **Property**.

6. Termination events

- 6.1 **We** may, by sending a notice to **you**, immediately terminate this deed following the occurrence of any of the following events and/or circumstances:
 - (a) the insurances are not obtained and maintained in full force and effect in accordance with **our Notice to Insure**; or
 - (b) breach by **you** of any of **your** obligations hereunder; or
 - (c) the occurrence of an **Event of Default** (and provided at the relevant time the **Event of Default** is continuing) or
 - (d) the termination by **us** of any of the other **HPP Agreements**.
- 6.2 **Our** rights and remedies provided in this deed are cumulative and are not exclusive of any rights and remedies provided by law.

7. Indemnity

- 7.1 **You** shall indemnify **us** and hold **us** harmless on a full indemnity basis against any and all obligations, fees, liabilities, claims, losses, costs, damages, penalties, demands, actions, proceedings, judgments and expenses, including without limitation all reasonable legal fees and expenses (including, without limitation, any legal fees and expenses incurred in connection with the enforcement of this deed), of every kind and nature whatsoever imposed on, incurred by, or asserted against **us** arising out of any failure whatsoever on **your** part in performing any of **your** obligations under this deed including without limitation any failure in procuring and/or maintaining the insurances in accordance with **our Notice to Insure**.

7.2 The provisions of clause 7.1 above shall apply from the date of the execution of this deed and clause 7.1 shall survive the expiration or earlier termination of this deed or any **HPP Agreement** and all documents and contracts entered into in relation hereto or otherwise in relation to the **Property**.

8. Miscellaneous

8.1 Third party rights

A person who is not a party to this **deed** shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any of the terms of this **deed**.

8.2 Assignment

You are not entitled to assign **your** obligations under this deed without **our** prior written consent.

9. Governing law and jurisdiction

This deed and all non-contractual obligations arising out of it shall be governed by and construed in accordance with English law and the parties submit to the exclusive jurisdiction of the English Courts.



Section 5: Legal Charge Terms

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1. Words with special meanings

- 1.1 In this deed, unless the context otherwise requires, words and expressions shown in bold type in this deed have the meanings defined in the glossary forming part of these terms and conditions.
- 1.2 In this deed, unless the context otherwise requires:
- (a) references to a clause by number shall mean the relevant clause in these **Legal Charge Terms** references to clauses means references to the clauses of this **Legal Charge**;
 - (b) references to (or to any specified provisions of) these **Legal Charge Terms** or any other document shall mean these **Legal Charge Terms**, that provision or that document as it may be amended, varied, novated or supplemented from time to time with the agreement of the parties and with **our** prior written consent;
 - (c) words in the singular shall include the plural and the plural shall include the singular;
 - (d) references to a person shall include that person's assignees, transferees or successors in title and can mean an individual, firm, partnership, joint venture, company, corporation, unincorporated body of persons or any state or any agency of it or them;
 - (e) if there is more than one of **you**, the conditions set out in the **Legal Charge** and these **Legal Charge Terms** apply to all of **you** together and to each of **you** on **your** own. This means that each of **you** can be held fully responsible for complying with all conditions in the **Legal Charge** and these **Legal Charge Terms**;
 - (f) references to any statute or statutory provision shall include references to that statute or those provisions as replaced, amended or re-enacted from time to time;
 - (g) the **Legal Charge Terms** form part of the **Legal Charge** and the **Legal Charge** and **Legal Charge Terms** shall be read as one document; and
 - (h) headings are for ease of reference only and shall be ignored in the interpretation of the **Legal Charge**.

2. Payment obligations

- 2.1 **You** covenant to pay on demand to **us** all **secured obligations** under this **Legal Charge**;
- 2.2 If **you** fail to pay **us** any sum referred to in clause 2.1 or otherwise due under this **Legal Charge** on the due date for payment, **you** will pay to **us** with respect to the period during which such sum is due but remains unpaid a **delay payment**. Any amounts received by **us** pursuant to this clause 2.2 in excess of **our** actual losses caused by such delay (but excluding any opportunity costs of reinvesting such unpaid amounts) shall be donated by **us** to charity in accordance with the guidance received from the **Sharia Supervisory Committee**.
- 2.3 All sums that **we** pay or may have to pay in order to protect **our** interests in the **Property** shall be reimbursed to **us** by **you**.
- 2.4 **You** agree that **we** can collect all amounts payable by **you** to **us** by way of a direct debit from **your** account upon **us** giving **you** reasonable notice that such payment is due.

3. Notices and indemnities

- 3.1 Any notice, demand or certificate due or issued by **us** to **you** shall (except in the case of obvious error) be conclusive evidence against and binding on **you** if signed by one of **our** officers.
- 3.2 **We** and any **receiver**, attorney, agent or other person appointed by **us** under the **Legal Charge** and **our** officers and employees (each an “**Indemnified Party**”) shall be entitled to be indemnified out of the **Property** in respect of all costs, losses, actions, claims, expenses, demands or liabilities whether in contract, tort, delict, or otherwise and whether arising at common law, in equity or by structure, which may be incurred by, or made against, any of them (or by or against any manager, agent, officer or employee in whose liability, act or omission any of them may be answerable) at any time relating to or arising directly or indirectly out of or as a consequence of anything done or omitted in the exercise or purported exercise of the powers contained in the **Legal Charge** and/or any breach by **you** of any of **your** obligations under the **Legal Charge**.
- 3.3 **You** shall indemnify **us** and any **receiver** against such matters; and pay **us** all monies and discharge all obligations and all other indebtedness and/or liabilities which are now or may in the future at any time or from time to time be due, owing or incurred to **us** under the **Legal Charge** when the same become due for payment or discharge whether such moneys, obligations or liabilities are express or implied, present, future or contingent.

4. The legal charge and what it secures

- 4.1 Payment by **you** of the **secured obligations** and other amounts referred to in clause 2 are secured by the **Legal Charge**.
- 4.2 In addition to the charges created by the **Legal Charge** and as a continuing security for the payment and discharge of the **secured obligations you**, with full title guarantee charge to **us** by way of separate first fixed charge;
- (a) all of **your** rights in any policies of insurance relating to the **mortgaged property** including the proceeds of any claims under such policies, all rent arising from any letting of the **mortgaged property**;
 - (b) the benefit of all contracts, guarantees, appointments, warranties and other documents to which **you** are a party or which are in **your** favour or of which **you** have the benefit relating to any letting, development, sale, purchase or the operation or otherwise related to the **mortgaged property**, including in each case, but without limitation, the right to demand and receive all monies whatsoever payable to or for **your** benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests, benefits whatsoever accruing to or for **your** benefit arising from any of them; and
 - (c) all authorisations (statutory or otherwise) held or required in connection with the use of the **mortgaged property** and all rights in connection with them.

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- 4.3 **We** are, or any **receiver** is (as the case may be) hereby irrevocably authorised as agent for **you** at any time after the **Legal Charge** shall have become enforceable to use, remove, store, sell or otherwise deal with any moveable plant, machinery, implements, utensils, fittings, furniture, equipment and other personal property (but without thereby becoming mortgagee in possession of the **mortgaged property**), and neither **we** nor any **receiver** shall be liable for any loss or damage occasioned to **you**. **You** shall indemnify **us** and/or any **receiver** and keep **us** and/or any **receiver** indemnified against all expenses suffered or incurred in relation to any such items. **We** or any **receiver** (as the case may be) shall pay to **you** the proceeds of sale (net of any sums **you** owe **us** under any **HPP Agreement**) arising from any sale of such items under the provisions of this clause 4.3.
- 4.4 The **Legal Charge** shall be in addition to and shall not either prejudice or be prejudiced by:
- (a) any other security, guarantee, remedy or lien, now or at any time while the **Legal Charge** is in force, held by or available to **us**;
 - (b) any invalidity of any such other security;
 - (c) at any time and from time to time **our** releasing, varying or not enforcing any such other security; or
 - (d) at any time and from time to time **our** giving time for payment to, or reaching any agreement with, or failing to enforce any rights **we** have against, any other person other than **you** who is liable to **us** in respect of the money owed by **you** to **us** or otherwise in respect of any **secured obligations**.
- 4.5 If:
- (a) **we** receive a payment from **you** or for **your** benefit;
 - (b) the payment is not made under an existing arrangement which makes it clear how the payment is to be used; and
 - (c) **you** do not tell **us** what to do with the payment,
we will use the payment to pay off any sums which are in arrears at the time when **we** receive the payment, and then credit it to whichever part of the sums **we** choose.

5. **Your obligations**

- 5.1 **You** will observe and perform all the covenants and obligations given or entered into by **you** in the **HPP Agreements** and all obligations and/or restrictions of whatever kind affecting the **mortgaged property** or any part or parts thereof.
- 5.2 **You** undertake to **us**:
- (a) not to create or attempt to create or allow to be created or exist any mortgage, charge or other encumbrance in favour of any other party affecting the **HPP Agreements** or the **mortgaged property** without **our** prior written consent;
 - (b) not to sell, transfer, lease or otherwise dispose of the **Property**, the **mortgaged property** or any part thereof without **our** prior written consent;
 - (c) not, without **our** prior written consent, to or agree to, grant or accept the surrender of any lease or tenancy of all or part of the **mortgaged property** whether under the powers given by Section 99 and 100 of the 1925 act or otherwise;

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- (d) not, without **our** prior written consent, to or agree to, extend, renew or vary either the lease or tenancy in favour of any third party of all or part of the **mortgaged property**;
 - (e) not to do, or allow to be done, nor omit to do, anything on the **mortgaged property** which may prejudicially affect any insurance policy in respect of the **mortgaged property**;
 - (f) if the title to the **mortgaged property** is not registered under the **2002 Act**, to ensure that no person shall be registered under the **2002 Act** as proprietors of all or any part of the **mortgaged property** without **our** prior written consent whilst the **Legal Charge** is in force;
 - (g) whether or not title to the **mortgaged property** is registered under the **2002 Act**, in the event that any caution against first registration or any notice (whether agreed or unilateral) is registered against the title of all or part of the **mortgaged property**, to give **us** full particulars of the circumstances relating to such registration and if such caution or notice shall have been registered in order to protect a purported interest the creation of which is contrary to **your** obligations under this **Legal Charge**, immediately at **your** expense to take such steps as **we** require to ensure that the caution or notice (as applicable) is withdrawn or cancelled;
 - (h) not to deal with any claim for compensation, arising in any fashion in respect of all or part of the **mortgaged property** other than in accordance with requirements of the **HPP Agreements**, and if required by **us** to pay to **us** in reduction of the money owed to **us** by **you** all or part of such compensation;
 - (i) if any works of construction or refurbishment are at any time carried out upon the **mortgaged property**, at **our** request to assign to **us** as further security for the money owed to **us** by **you**, and in such form as we shall require:
 - (i) the benefit of all **your** rights and claims with regard to such work against the building contractor and any other person carrying out services for **you** in connection with such works, and their respective subcontractors and suppliers; and
 - (ii) any rights, licences, warranties, guarantees or maintenance agreements in connection with such works of which **you** have the benefit;
 - (j) without **our** prior written consent, not to do or allow to be done or omit to do on the **mortgaged property** anything which might lead either to **you** or **us** incurring any liabilities or committing any offence under the Environmental Protection Act 1990 or to incur any other liability as a result of the pollution of the **mortgaged property** or to the **mortgaged property** being entered upon any registers of land which may have been put to a contaminative use under the Environmental Protection Act 1990 and further to send copies to **us** of any notice received in connection with environmental matters relating to the **mortgaged property**; and
 - (k) if the **mortgaged property** has the benefit of any rights under any agreement with the National House Builders Council or other similar body or under any arrangement giving similar rights not to deal with any claim under such agreement other than in accordance with **our** requirements, and if required by **us** either to pay to **us** in reduction of the money owed to **us** by **you** the proceeds of any such claim or to use such proceeds in reinstatement of the **mortgaged property**.

6. Dealing with your account

If **we** receive notice of any subsequent charge or other encumbrance affecting the **mortgaged property**, **we** may close any accounts **you** have in **our** books and open a new account or accounts in their place. If **we** do not do so, **we** shall nevertheless be treated as if **we** had done so at the time when **we** received notice. From that time onwards, all payments made by **you** to **us** will be credited or treated as credited to the new account or accounts and shall not operate to reduce the amount due from **you** to **us** when **we** received the notice.

7. Further assurance

You will, at **your** own cost and whenever required to do so by **us**, execute and deliver such other instruments and documents and take such other action as may be required to perfect **our** security under the **Legal Charge**, preserve the **mortgaged property** or to enable **us** either to enforce the **Legal Charge** or to exercise any of the powers and rights given by these **Legal Charge Terms** or by law to **us** or the **receiver** including (without limitation) the sale of the **mortgaged property** or any part thereof.

8. Protecting our rights

8.1 **Our** rights under the **Legal Charge** will not be lost or limited:

- (a) by any earlier exercise of them;
- (b) by any failure to exercise them;
- (c) by any delay in exercising them; or
- (d) by exercising them in part only.

8.2 **Our** rights and remedies under these legal charge conditions are in addition to those **we** have according to the English law.

8.3 A purchaser may treat the statutory power of sale as arising on the date of the **Legal Charge**.

9. Enforcement

9.1 Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this **Legal Charge**.

You must immediately pay to **us** all sums secured by this **Legal Charge**, and this **Legal Charge** shall become immediately enforceable if any of the events set out at clause 9.2 occur.

9.2 **You** must immediately pay **us** all sums secured by the **Legal Charge** and the **Legal Charge** shall become immediately enforceable if any of the following events happen:

- (a) any **Event of Default** occurs;
- (b) where applicable a bankruptcy order is made against **you** or any step is taken by any person to put **you** (or any of **you**) into bankruptcy, administration or liquidation;
- (c) **you** (or any of **you**) make a voluntary arrangement with **your** creditors;
- (d) the **mortgaged property** is compulsorily purchased;
- (e) **you** give up possession of the **mortgaged property** or the **Property** to **us**;
- (f) **we** reasonably believe that **you** have abandoned the **Property** (in which case, **we** may recover possession of it without obtaining a court order); or

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- (g) a judgment or order is made against **you** in relation to the **mortgaged property** which would lead to **you** having to give up possession of the **mortgaged property** if **you** fail to satisfy the judgement or order.

9.3 If **we** become entitled to exercise the power of sale **we** may:

- (a) take physical possession of the **mortgaged property** or give notice to any tenants to pay their rent to **us**;
- (b) exercise all powers of sale or powers of mortgagees conferred by the **1925 Act** (as extended or varied by these **Legal Charge Terms**). In exercising this power, **we** may agree whatever terms and conditions of sale **we** think fit in order to obtain the best price for the **mortgaged property** that **we** reasonably can; or
- (c) appoint a **receiver**.

10. Powers of a receiver

10.1 **We** may appoint a **receiver**:

- (a) where clause 9.3 applies; or
- (b) if **you** ask **us** to appoint one.

10.2 **We** may appoint a **receiver** for the whole of the **mortgaged property** or for any part of it.

10.3 **We** may appoint one of **our** employees or officers as a **receiver**.

10.4 **We** may fix the **receiver's** remuneration at any reasonable rate.

10.5 **We** may remove the **receiver** at any time and appoint another in his place.

10.6 **We** may appoint more than one **receiver**, who shall have the power to act severally as well as jointly in relation to all or part of the **mortgaged property**.

10.7 If **we** appoint a **receiver** over only a part of the **mortgaged property**, **we** shall be entitled to appoint the same or another **receiver** over any other part of the **mortgaged property**.

10.8 The **receiver** will be **your** agent. Unless the **receiver** is one of **our** employees, **you** will be responsible for his remuneration and **you** will be solely responsible for everything he does or fails to do.

10.9 The **receiver** will have the following powers (in addition to those given to **receivers** by the Insolvency Act 1986 and secondary legislation made under it, and the **1925 Act**):

- (a) to take possession of the **mortgaged property**;
- (b) after taking possession of the **mortgaged property**, to do any of the things which **we** could do under clause 9.3 if **we** had taken possession;
- (c) to let the **mortgaged property** on any reasonable terms (but without any other restrictions on the nature, terms and length of the lease, or on the rent due);
- (d) to allow anyone who holds a lease of the **mortgaged property** to surrender the lease on any reasonable terms;
- (e) to agree to any reasonable variation, extension or renewal of any lease under which the **mortgaged property** is let;

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- (f) to act as manager of the **mortgaged property**;
 - (g) to complete any unfinished buildings on the **mortgaged property**;
 - (h) if the **mortgaged property** or any part of it is held under a lease:
 - (i) to agree any variation, extension or renewal of the lease and/or take a new lease of all or part of the **mortgaged property**; or
 - (ii) to acquire the freehold or an interest in it;
and so that such new lease shall become charged to **us** on the terms of the **Legal Charge** so far as applicable and to execute a formal legal mortgage over any such new lease in **our** favour in such form as **we** may require;
 - (i) to take possession of, collect and get in all or any part of the **mortgaged property** and all rents and other income of the **mortgaged property**;
 - (j) to apply for and obtain any permissions, approvals, consents or licences as the **receiver** may in his absolute discretion think fit;
 - (k) to make any arrangement or to reach any agreement with regard to any claim which the **receiver** or **we** may think fit;
 - (l) to bring or defend any proceedings in **your** name in relation to the **mortgaged property** as the **receiver** shall think fit;
 - (m) to appoint, employ or dismiss professional advisers, managers, officers, contractors and agents previously approved in writing by **us** for any of the purposes set out in this clause 10.9 including but not limited to the management of the **mortgaged property** on such terms as the **receiver** may think fit;
 - (n) to exercise on **your** behalf all or any of the powers given to landlords or tenants (as the case may be) by the Landlord and Tenants Act 1927 to 1988 in respect of the **mortgaged property** but without incurring any liability in respect of the powers so exercised; and
 - (o) to do all such other acts and things as may be considered by the **receiver** to be incidental to or necessary for any of the powers contained in these Legal Charge Terms or otherwise to preserve, improve or sell the **mortgaged property**.
- 10.10 **We** may exclude or limit any of the powers in clause 10.9 at the time when **we** appoint the **receiver** or later.

11. Power of attorney

- 11.1 **You** appoint **us** and (as a separate appointment) any **receiver we** appoint to be **your** attorney by way of security and to do the following things in **your** name and on **your** behalf:
- (a) to execute any document which is needed to make good any defect in **our** title to the **mortgaged property** or in **our** title to the **Legal Charge**;
 - (b) to execute any document which is needed to pass a good title to a purchaser or lessee of the **mortgaged property**;
 - (c) to transfer to a purchaser any shares or other membership rights which **you** hold in a management or lessor company by virtue of **your** interest in the **mortgaged property**;

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- (d) to receive any money payable to **you** in connection with the **mortgaged property** or any insurance of it and to do anything which **we** or the **receiver** need to do to exercise **our** rights under the **Legal Charge Terms**;
 - (e) to exercise all or any of the powers, authorities and discretions conferred by the **Legal Charge Terms** upon **us** or any **receiver**;
 - (f) to do anything which **we** or any **receiver** shall think fit for carrying out any sale, lease, charge or dealing by **us** or any **receiver** with all or any part of the **mortgaged property**; and
 - (g) to execute such documents and instruments and take such action as specified in clause 7.
- 11.2 The appointment in clause 11.1 is irrevocable.
- 11.3 If **we** ask **you** to, **you** will confirm and ratify anything done by **us** or a **receiver** while acting under the power of attorney granted under clause 11.1.

12. Protection of purchasers

No purchaser or other person dealing with **us** or any person appointed by **us** or any **receiver** appointed hereunder shall be bound to see or enquire whether the right of **us** or such **receiver** to exercise any of the powers conferred by the **Legal Charge** has arisen or become exercisable or be concerned with notice to the contrary, or with the proper exercise or purported exercise of such powers, or be concerned to see whether any such delegation by **us** shall have lapsed or shall have been revoked for any reason.

13. Prior charges

If there is any charge which ranks in priority to the **Legal Charge** over all or any part of the **mortgaged property**, and the person with the benefit of such charge does anything to enforce that charge against the **mortgaged property**, **we** or any **receiver** may repay the money owed under that charge, or arrange for such charge to be transferred to **us** or the **receiver**, and the costs of so doing shall be an expense borne by **you** in accordance with clause 2.3.

14. Transfer by the Bank

- 14.1 **We** may transfer to any other person the benefit of the **Legal Charge** (either at law or in equity) together with all of **our** rights in respect of the money owed and the person to whom the benefit of the **Legal Charge** or the money owed is transferred may enforce the **Legal Charge** in the same way as if he had been party to the **Legal Charge** instead of **us**.
- 14.2 **You** agree that if **we** transfer part only of **our** rights in respect of the money owed to any other person, then the **Legal Charge** shall be treated as if it had been given to **us** as trustee for ourselves and such other person.

15. Disclosure of information

You irrevocably authorise **us** to pass on to:

- (a) any person to whom **we** have delegated any of **our** functions under the **Legal Charge**; or
- (b) any person to whom **we** have transferred or intend to transfer any interest under the **Legal Charge** and the advisers of such person; and
- (c) such information in relation to **you**, the money owed or the **mortgaged property** as **we** shall think fit.

16. Notices

16.1 **We** may give you notice under the **Legal Charge**:

- (a) by posting or delivering it to **you** at your **registered address**; or
- (b) by sending it by electronic mail to **your** electronic mail address (if any of which **you** have notified **us**).

16.2 Notices given by the methods described in condition 16.1 will be treated as given on the following dates depending upon the method used.

Method	Date
First Class Post	The first working day after the date of posting.
Second Class Post	The second working day after the date of posting.
Electronic Mail	The date of actual transmission provided that we do not receive any indication that the electronic mail message has not been successfully transmitted to your electronic mail address.

16.3 **You** may give notice to **us** by posting or delivering it to **our** Secretary at **our** registered office. If **you** post a notice to **us**, it will only be treated as given when it is actually received by **us**.

17. Merger/Construction

The **Legal Charge** shall remain binding on **you** notwithstanding any change in **our** constitution or **our** amalgamation with, or the acquisition of all or part of **our** undertaking by, any other person or any reconstruction or reorganisation of any kind. The security granted shall remain valid and effective in all respects in favour of any assignee, transferee or other successor in title of **us**.

18. Miscellaneous

Each provision of the **Legal Charge** is severable and distinct from the others and if at any time any one or more of such provisions is or becomes invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions of the **Legal Charge** shall not in any way be affected thereby.

19. Set-off

If this **Legal Charge** shall become enforceable in accordance with its terms **we** may use any money which **you** have deposited in any account (current, savings or other account) with **us** to pay all or any part of the secured obligations which, to the extent not then payable, shall automatically become payable to the extent necessary to effect such set-off.

20. Governing law and jurisdiction

The **Legal Charge** shall be governed and construed in accordance with the laws of England & Wales and the parties hereto irrevocably submit to the exclusive jurisdiction of the English Courts.



If we don't get it right

Al Rayan Bank PLC will endeavour to ensure that you receive the highest standard of service and that you are treated with courtesy at all times. If you are unhappy with any aspect of our service, we would like to know why.

For a copy of our Customer Care leaflet dealing with our complaint handling procedures, please call our Customer Care team on 0800 4086 407.

Membership of the Financial Services Compensation Scheme

Al Rayan Bank PLC is a member of the Financial Services Compensation Scheme.

This scheme may provide compensation, if we cannot meet our obligations. Most depositors including individuals and businesses are covered.

For more information about the Financial Services Compensation Scheme, visit www.alrayanbank.co.uk/fscs

Data Protection

Under the prevailing data protection legislation you have the right of access to your records.

Should you wish to access this right, please contact our customer service team or write to:

Data Protection Officer,
Data Subject Access Requests,
Customer Care Team,
Al Rayan Bank PLC,
PO Box 12461,
Birmingham,
B16 6AQ

Al Rayan Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our firm reference number is 229148. Al Rayan Bank PLC is incorporated and registered in England and Wales. Registration No. 4483430. Registered office: 4 Stratford Place, London, W1C 1AT





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