

**This is an important document. You should take independent legal advice before signing.**

**RANKING AGREEMENT**

**Definitions**

**Bank:** National Westminster Bank Plc, Company Number 929027

**[Bank's Priority:]<sup>1</sup>** [All sums due and to become due to the Bank in any way including all interest, charges and expenses]/[ £ [ ] of principal[ plus interest and expenses]/[plus 1 year's interest and expenses]/[inclusive of interest and expenses]]

**[Bank's Sharing Limit:]<sup>2</sup>** £[ ]

**Bank's Standard Security:** The standard security granted by the Customer in favour of the Bank over the Property [dated] [dated on or around the date of the Customer's execution of the Ranking Agreement]/[ registered in the Land Register of Scotland on [ ]]

**CFRSA:** The Conveyancing and Feudal Reform (Scotland) Act 1970

**Creditors:** The Bank and the Lender

**Customer:** [ ]

**Lender:** [ ]

**[Lender's Priority:]<sup>3</sup>** [All sums due and to become due to the Lender in any way including all interest, charges and expenses]/[ £[ ] of principal[ plus interest and expenses]/[plus 1 year's interest and expenses]/[inclusive of interest and expenses]]

**[Lender's Sharing Limit:]<sup>4</sup>** £[ ]

**Lender's Standard Security:** The standard security granted by the Customer in favour of the Lender over the Property [dated] [dated on or around the date of the Customer's execution of the Ranking Agreement]/[registered in the Land Register of Scotland on [ ]]

**Parties** The Creditors and the Customer

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<sup>1</sup> Only if ranking is on a priority basis

<sup>2</sup> Only if ranking is on a sharing basis

<sup>3</sup> Only if ranking is on a priority basis

<sup>4</sup> Only if ranking is on a sharing basis

**Property:** ALL and WHOLE [ ]

**Securities:** The Bank's Standard Security and the Lender's Standard Security

## **1 Interpretation**

1.1 The expressions "Bank" and "Lender" include their respective successors and assignees, and

1.2 A reference to a provision of a law is to that provision as amended or re-enacted.

## **2 Consent**

The Creditors consent to the creation by the Customer of the Securities.

## **3 Ranking**

[Priority Limits]

The Parties agree that the Securities shall rank in the following order of priority:-

3.1 the [Bank's/Lender's] Standard Security to the extent of the [Bank's/Lender's] Priority,

3.2 the [Lender's/Bank's] Standard Security to the extent of the [Lender's/Bank's] Priority, and

3.3 [the Bank's Standard Security to an unlimited extent.]

[Sharing]

The Parties agree that the Securities shall rank on an equal footing so that any sums realised from the disposal of the Property shall be shared proportionally between the Creditors in the same ratio as their respective Sharing Limits. This will not limit the total amount recoverable by the Bank or the Lender from its Standard Security.

## **4 Alteration of Securities**

The Ranking Agreement shall be construed and shall receive effect as a variation within the meaning of Section 16 of CFRSA.

## **5 Exclusion of legal rules**

Notwithstanding the provisions of Section 13 of CFRSA or any other rule of law which might operate to the contrary effect, the provisions of Clause 3 shall be valid and effective.

## **6 Assignment**

The Bank and the Lender shall be entitled to assign or otherwise transfer or dispose of the benefit of their respective interests in the Securities without the consent of the other Creditor provided that the assignee or transferee undertakes in writing to the Bank or to the Lender, as the case may be, to be bound by the terms of the Ranking Agreement and to enter into all necessary documentation to give effect to that undertaking.

**7 Disclosure of information**

During the joint continuance of the Securities each of the Creditors may disclose to the other information concerning the Customer and its affairs in a manner and to such extent as the Creditors shall agree and the Customer consents to such disclosure.

**8 Compensation**

Each of the Creditors undertakes to the other that in the event of the proceeds of sale of the Property being distributed otherwise than in accordance with Clause 3 and the other is prejudiced as a result, it will compensate the other in order to give effect to Clause 3.

**9 Severability**

If any provision of the Ranking Agreement is or becomes invalid, illegal or unenforceable the validity, legality or enforceability of the remaining terms of the Ranking Agreement shall not be affected.

**10 Governing law**

The Ranking Agreement shall be governed by and construed in accordance with the law of Scotland.

**11 Testing clause**

This document is executed as follows:

**Note:** block testing clauses to be added for each of the Parties