

THIS IS AN IMPORTANT DOCUMENT, AND IF YOU SIGN IT YOU WILL BE LEGALLY BOUND. YOU ARE RECOMMENDED TO TAKE INDEPENDENT LEGAL ADVICE BEFORE SIGNING.

THIS LEGAL CHARGE is made by deed on 20____

BETWEEN

- (1) [] [and [] of [] ([together] the "Mortgagor");
- (2) **SALFORD CITY COUNCIL**¹ of Salford Civic Centre, Chorley Road, Swinton, Salford M27 5AW (the "Council").

IT IS AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

In this Deed the following definitions apply:

- "Default Rate"** the rate of 2% per annum over the base rate set by the Bank of England from time to time;
- "Enforcement Event"** the Mortgagor fails to pay any of the Secured Liabilities when due for payment;
- "Grant Agreement"** the grant agreement dated _____ and made between (1) the Mortgagor and (2) the Council relating to the Property;
- "Party"** a party to this Deed and in includes its successors in title, permitted assigns and permitted transferees, whether immediate or derivative;
- "Property"** the property described in the schedule to this Deed;
- "Receiver"** any one or more receivers and/or managers appointed by the Council pursuant to this Deed;
- "Secured Liabilities"** all money which is required at any time to be paid or repaid by the Mortgagor to the Council under the Grant Agreement or this Deed and all costs, charges and expenses incurred by the Council under this Deed; and
- "Security Period"** the date on which the Council is satisfied that all Secured Liabilities have been paid or discharged in full.

1.2 Construction

In this Deed, unless the context otherwise requires:

¹ Should this be "The Council of the City of Salford"?

- 1.2.1 each reference to a provision of law is a reference to that provision as amended, replaced or re-enacted from time to time;
- 1.2.2 any grant of rights for full title guarantee shall be deemed to contain all of the covenants and warranties implied in respect of any conveyance with full title guarantee pursuant to section 1(2) of the Law of Property (Miscellaneous Provisions) Act 1994;
- 1.2.3 words importing the singular shall include the plural and vice versa;
- 1.2.4 words importing the neuter or one gender only will be treated as importing any gender;
- 1.2.5 a reference to any person includes that person's successors and (in the case of the Council only) its permitted assignees and transferees;
- 1.2.6 where the Mortgagor consists of two or more persons:
 - 1.2.6.1 such expression shall in this Deed mean and include such two or more persons and each of them or (as the context may require) any of them; and
 - 1.2.6.2 all obligations expressed or implied on the part of the Mortgagor in this Deed shall be deemed to be the joint and several obligations and liabilities of such persons.

2. Secured Liabilities

The Mortgagor agrees to pay the Secured Liabilities to the Council when they become due for payment in accordance with the Grant Agreement and this Deed.

3. Charge

The Mortgagor with full title guarantee charges the Property to the Council by way of legal mortgage and as a continuing security for the payment and discharge of the Secured Liabilities.

4. Undertakings

The undertakings in this clause 4 remain in force during the Security Period.

4.1 No other mortgages

The Mortgagor will not allow to exist any mortgage or charge over the Property, other than this Deed and any mortgage or charge to which the Council has consented in writing.

4.2 Compliance with obligations

The Mortgagor will comply with all legal obligations from time to time affecting the Property or its use, ownership, occupation, possession or other enjoyment.

4.3 Repair, insurance and access

- 4.3.1 The Mortgagor will keep the Property in good repair and condition.
- 4.3.2 The Mortgagor will keep the Property insured for its full reinstatement value with a reputable insurer.
- 4.3.3 The Mortgagor will supply the Council with such information in connection with the Insurances and copies of the relevant policies as the Council may reasonably require.
- 4.3.4 The Mortgagor will permit any person appointed by the Council, without the Council becoming liable to account as Council in possession, (at reasonable times and upon reasonable notice) to enter upon and inspect the state of the Property.

4.4 Value

The Mortgagor will not allow anything to be done in respect of the Property which will prejudice its value to the Council as security.

4.5 Dealings with the Property

The Mortgagor will not, without the prior written consent of the Council, (whether by a single transaction or a series of related or unrelated transactions and whether at the same time or over a period of time) sell, transfer, lease or otherwise dispose of the Property or agree to do so, nor permit any person other than the Mortgagor to occupy the Property or acquire any legal or beneficial interest in or over the Property.

4.6 Power to remedy

If the Mortgagor at any time defaults in complying with any of its obligations contained in this Deed, the Council shall, in addition to any other rights it has, be entitled to remedy that default and any money paid out by the Council in doing so shall be reimbursed by the Mortgagor to the Council upon demand.

5. Further assurance

The Mortgagor shall, if and when required by the Council execute such further mortgage, charge or other security interests and assurances in favour of the Council, and do all such acts and things as the Council shall from time to time reasonably require, over or in relation to the Property to secure the Secured Liabilities or to perfect or protect the security intended to be created by this Deed over the Property or any part thereof or to facilitate the realisation of the Property.

6. Certain powers of the Council

6.1 Powers on enforcement

At any time on or after the occurrence of an Enforcement Event, or if requested by the Mortgagor, the Council may, without further notice and whether or not a Receiver has been appointed, exercise all the powers conferred upon mortgagees by the Law

of Property Act 1925, as varied or extended by this Deed, and all the powers and discretions conferred by this Deed on a Receiver either expressly or by reference.

6.2 Statutory power of leasing

The Council shall have the power to lease and make agreements for leases at a premium or otherwise, to accept surrenders of leases and to grant options on such terms as the Council shall consider expedient and without the need to observe any of the provisions of sections 99 and 100 of the Law of Property Act 1925.

6.3 Goods and chattels

At any time on or after the occurrence of an Enforcement Event, or if requested by the Mortgagor, the Council may as agent for the Mortgagor, remove, store or sell any goods or chattels of the Mortgagor in or on the Property provided that in the event of any sale of those goods and chattels the Council accounts (after deducting any expenses of sale) to the Mortgagor for any proceeds thereof.

6.4 Power of sale and right of consolidation

Sections 93 and 103 of the Law of Property Act 1925 do not apply to the security constituted by this Deed.

7. Appointment and powers of Receiver

7.1 Appointment

At any time on or after the occurrence of an Enforcement Event, or if requested by the Mortgagor, the Council may by instrument in writing executed as a deed or under the hand of any duly authorised officer appoint a Receiver or joint Receivers of the Property or any part thereof. The Council may (subject to section 45 of the Insolvency Act 1986) remove any Receiver so appointed and appoint another in his place.

7.2 Receiver as agent

A Receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for his acts or defaults and for his remuneration.

7.3 Powers of Receiver

A Receiver shall have all the powers conferred from time to time on receivers by statute and power on behalf and at the expense of the Mortgagor to do, or omit to do, anything which the Mortgagor could do, or omit to do, in relation to the Property or any part thereof including (without limitation) power to:

7.3.1 take possession of, collect and get in, and give a good discharge for, the Property; and/or

7.3.2 sell, let, surrender or accept surrenders, grant licences or otherwise dispose of or deal with the Property for such consideration and generally on such terms and conditions as he may think fit; and/or

- 7.3.3 make any arrangement or compromise or enter into, or cancel, any contracts which he shall think expedient; and/or
- 7.3.4 make and effect such repairs, renewals and improvements to the Property or any part thereof as he may think fit and maintain, renew, take out or increase insurances; and/or
- 7.3.5 appoint managers, agents, officers and employees for any of the purposes referred to in this clause 7.3; and/or
- 7.3.6 sign any document, execute any deed and do all such other acts and things as may be considered by him to be incidental or conducive to any of the matters or powers referred to in this clause 7.3 or to the realisation of the security created by or pursuant to this Deed and to use the name of the Mortgagor for all the purposes referred to in this clause 7.3.

7.4 Remuneration

The Council may from time to time determine the remuneration of any Receiver and section 109(6) of the Law of Property Act 1925 shall be varied accordingly.

8. Application of proceeds

All moneys received by the Council or by any Receiver shall be applied, after the discharge of the remuneration and expenses of the Receiver and all liabilities having priority to the Secured Liabilities, in or towards satisfaction of the Secured Liabilities.

9. Protection of third parties

In favour of any purchaser (as defined in section 205 of the Law of Property Act 1925) or person dealing in good faith, the Secured Liabilities shall be deemed to become due, and all rights of enforcement conferred upon the Council by the Law of Property Act 1925, as varied and extended by this Deed, shall be deemed to arise, immediately after the execution of this Deed. No purchaser or other person dealing with the Council or a Receiver shall be bound or concerned to enquire whether any power exercised or purported to be exercised under this Deed has become exercisable.

10. Indemnities

The Mortgagor shall promptly following a demand by the Council indemnify the Council against any cost, loss or liability incurred by the Council or by any Receiver as a result of the enforcement, preservation or attempted preservation of any of the security created by or pursuant to this Deed or the Property together with interest at the Default Rate from the date on which such cost, loss or liability was so incurred until the date of payment by the Mortgagor, both before and after judgment.

11. Power of attorney

The Mortgagor, by way of security irrevocably appoints each of the Council and any Receiver severally to be its attorney in its name and on its behalf to sign, seal, execute and deliver all deeds, agreements and other documents and to do all acts and things which may be required

for the full exercise of all or any of the powers conferred on the Council or a Receiver under this Deed or which may be deemed expedient by the Council or a Receiver in connection with any disposition, realisation or getting in of the Property or any part thereof or in connection with any other exercise of any power under this Deed. The Mortgagor ratifies and confirms and agrees to ratify and confirm all acts and things which any attorney pursuant to this clause 11 shall do, or purport to do, in the exercise of his powers under this clause 11.

12. **Miscellaneous**

12.1 **Exercise of rights**

The rights of the Council under this Deed may be exercised as often as necessary, and no waiver thereof shall be effective unless it is made by the Council in writing and with specific reference to the right concerned. Any delay in the exercise or non-exercise of any right of the Council under this Deed is not a waiver of that right.

12.2 **Land Registry**

the Mortgagor hereby consents to the lodgement at the Land Registry of an application by or on behalf of the Council for the entry of the following restriction in the Proprietorship Register of the Property:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a certificate signed by Salford City Council of Salford Civic Centre Swinton Manchester M27 5AW that the provisions of the Grant Repayment Terms of the Grant Funding Agreement dated [] between Salford City Council and [] have been complied with".

12.3 **No responsibility for loss**

Neither the Council nor any Receiver shall be responsible for any loss occasioned by the timing of the exercise of its powers under this Deed.

12.4 **No liability as mortgagee in possession**

Neither the Council nor any Receiver shall be liable to account mortgagee in possession in respect of the Property or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever for which a mortgagee or heritable creditor in possession may be liable as such.

13. **Partial invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provisions under the law of any other jurisdiction will in any way be affected or impaired.

14. **Transfers**

14.1 **Transfer by the Council**

The Council may without restriction assign, transfer or declare a trust in respect of the whole or any part of its rights and obligations under or in respect of this Deed.

14.2 **Transfer by the Mortgagor**

The Mortgagor may not assign or transfer any of its rights and obligations under or in respect of this Deed or enter into any transaction which would result in any of those rights and obligations passing to another person.

15. **Notices**

Any communication to be made under or in connection with this Deed shall be made in writing and delivered to the relevant Party at its address stated at the beginning of this Deed or, in the case of delivery to the Mortgagor at the Property or in the case of delivery to the Council at the address stated at the beginning of this Deed or such other address which is notified by the Council to the Mortgagor for this purpose.

Any communication by the Mortgagor to the Council shall be marked for the attention of: []²

16. **Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of the Law of Property (Miscellaneous Provisions) Act 1989, any provisions of each document governing the terms of the Secured Liabilities and relating to any disposition of property shall be deemed to be incorporated in this Deed.

17. **Counterparts**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

18. **Third party rights**

A Receiver may enjoy and enforce the benefit of this Deed. Otherwise a person who is not a Party has no rights to enforce any term of this Deed.

19. **Governing law and jurisdiction**

This Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law and the Mortgagor irrevocably submits to the non-exclusive jurisdiction of the English courts.

In witness of which this Deed has been executed and delivered on the date first stated.

² Council to confirm to whom/which department notices should be addressed.

SCHEDULE
(The Property)

Property	Administrative Area	Land Registry title number(s)

EXECUTION PAGE

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SIGNED (but not delivered until the date hereof) and delivered as a **DEED** by:

SIGNED (but not delivered until the date hereof) and delivered as a **DEED** by:

Name (in block capitals)

Name (in block capitals)

Signature:

Signature:

in the presence of:

in the presence of:

Witness Signature:

Witness Signature:

Name (in block capitals)

Name (in block capitals)

Address:

Address:

Occupation: Solicitor, the nature and effect of this Deed having been explained by me to the signatory

Occupation: Solicitor, the nature and effect of this Deed having been explained by me to the signatory

THE COMMON SEAL of **THE COUNCIL OF THE CITY OF SALFORD** was hereunto affixed in pursuance of an Order of the Council of the said City:

.....

Authorised Signatory