

# Terms and Conditions of Commercial Pledge

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If You enter into a **Loan and Commercial Pledge Agreement (secured loan)**, hereinafter - **the Loan Contract**, the Terms and Conditions of the Commercial Pledge will also apply to the Loan contract.

## DEFINITIONS

Definitions provided in the Loan Contract or any other agreement which is concluded together with it, shall be applicable for the Loan Contract interpretation purposes.

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|---------------------------------------|---|
| Annex No.1.                           | Information on Vehicle, which You have acquired according to the Loan Contract upon which Commercial Pledge shall be established. Annex No. 1 is an integral part and inseparable part of the Loan Contract.  |
| Commercial Pledge Register            | department of the Register of Enterprises of the Republic of Latvia, which maintains information on Commercial Pledges, where Commercial Pledge over Vehicle shall be entered in accordance with provisions of Latvian law and Terms and Conditions of the Commercial Pledge. |
| Commercial Pledge                     | is a right of pledge which can be/has been registered over a Vehicle in the Commercial Pledge Register in accordance with the procedures specified in Law on Commercial Pledge and Terms and Conditions of Commercial Pledge.   |
| CSDD                                  | State joint stock company "Ceļu satiksmes drošības direkcija".  |
| CSDD register                         | State vehicle information database, which is maintained by CSDD.  |
| Secured obligations                   | All and any Your obligations arising from the Loan Contract.  |
| Maximum amount of secured obligations | maximum amount specified in Special Terms and Conditions of the Loan Contract up to which the Commercial Pledge for the total principal and ancillary claims arising from the Loan Contract extends.  |
| Vehicle                               | self-propelled vehicle traveling on the road with their own energy and acquired according to provisions specified in the Loan Contract and specified in Annex No.1  |

## 1. APPLICATION OF TERMS AND CONDITIONS OF COMMERCIAL PLEDGE

- 1.1. The Terms and Conditions of Commercial Pledge are applicable only to the Loan Contract, which includes establishment of the Commercial Pledge (Loan and Commercial Pledge Agreement (secured loan)).
- 1.2. The Terms and Conditions of Commercial Pledge are inseparable part of the Loan Contract. Should there be contradictions between the Terms and Conditions of Commercial Pledge and the Loan Contract, We will proceed from the Loan Contract.
- 1.3. We have the right to amend the Terms and Conditions of the Commercial Pledge on the grounds and pursuant to the procedure set out in the Terms and Conditions of the Loan Contract and/or Special Terms and Conditions of the Loan Contract, except those provisions which according to law may be amended only by separate agreement.

## 2. OBJECT OF PLEDGE AND SECURED OBLIGATIONS

- 2.1. The pledged object is the Vehicle which You have acquired for the Loan paid out on the basis of the Loan Contract.
- 2.2. Secured obligations arise from the Loan Contract, which includes establishment of the Commercial Pledge (Loan and Commercial Pledge Agreement (secured loan) between Us and You. By entering into the Loan Contract, You agree to establish a first ranking Commercial Pledge in favour of Us on the Vehicle acquired for the Loan paid out on the basis of the Loan Contract and authorize Us to submit the application and the necessary documents for registration, amendment

deletion and the execution of the Commercial Pledge to the relevant state register on Your behalf.

- 2.3. The monetary value of the Commercial Pledge equals the value of all Your liabilities under the Loan Contract including, but not limited to principal amount of the Loan, but also all other ancillary claims, including interest, contractual penalty, damages, Our costs for maintenance and custody of the Vehicle, litigation and other Our expenses that may arise from Your failure to fulfill obligations under the Loan Contract.
- 2.4. The Commercial Pledge established on the basis of the Loan Contract secures all of Our claims which arise from the Loan Contract entered into between Us and You for financing the purchase of the Vehicle. Said Commercial Pledge also secures all of the collateral claims arising from the Loan Contract and related to Our claim, including interest, contractual penalty and the costs related to the performance of the Loan Contract as well as the costs related to the sale of the Vehicle.
- 2.5. The Commercial Pledge applies to the Vehicle and covers Our claims even if the terms and conditions of the Loan Contract are amended. The Commercial Pledge also covers Our claims in the case of amendments with which the Loan amount is increased or the deadline for the performance of Your obligations is extended, unless the residual value is changed into an unsecured loan. The pledge also covers the claims arising from the possible annexes and/or amendments to the Loan Contract, including conditional and future claims.

### 3. EMERGENCY, AMENDMENT AND TERMINATION OF PLEDGE

- 3.1. The pledge on the Vehicle emerges when the Commercial Pledge is entered in the Commercial Pledge Register and CSDD register. We will submit an application for establishment of Commercial Pledge to the relevant register with the Loan Contract as soon as possible after We have received copies of the documents and signed Annex No. 1 required in the Loan Contract which correspond to the requirements specified in the Terms and Conditions of Commercial Pledge.
- 3.2. By entering into the Loan Contract, You grant Us Your consent for establishing a Commercial Pledge on the Vehicle and an authorisation for submission of the Commercial Pledge application (registration, amendment, deletion, execution) to the relevant register with the Loan Contract.
- 3.3. The amendment and deletion of the Commercial Pledge established on the Vehicle during the term of the Loan Contract is subject to Our prior consent.
- 3.4. The Commercial Pledge expires with the deletion of the entry from the register. We will submit an application for deletion of the Commercial Pledge to the relevant register within 14 (fourteen) days of the performance of the obligations arising from the Loan Contract by You, unless We have agreed otherwise with You. The obligations arising from the Loan Contract will be deemed performed after the Loan and all the payments arising from the Loan Contract have been repaid to Us in full. In case If You have exercised your rights to split final instalment and conclude new agreement, the Commercial Pledge without any prior consent and/or notification shall be prolonged until all obligations related to payment of the split final instalment shall be executed according to contracts concluded between You and US.

### 4. YOUR RIGHTS AND OBLIGATIONS

- 4.1. The establishment of the Commercial Pledge will not restrict Your right to Use the Vehicle and You are the owner of the Vehicle. All of the rights and obligations arising from possession of the Vehicle apply to You.
- 4.2. Before the acquisition of the Vehicle, You must make sure that: (1) the Vehicle has been entered in the relevant Latvian CSDD register; (2) no prohibition of disposal or commercial pledge in favour of a Third Party has been established on the Vehicle; (3) You do not have an agreement with any Third Party for the establishment of a Commercial pledge on the Vehicle at the same time; and (4) there are no other obstacles to the establishment of the Commercial Pledge in favor of Us caused by Your activity or inactivity.
- 4.3. You are obliged to acquire the Vehicle in compliance with law. Before purchasing the Vehicle, You must (according to Your best knowledge) make sure that the right of ownership to the Vehicle is not subject to any disputes and that Third Parties have no rights to the Vehicle. You must have a valid ownership title on the Vehicle and you will remain sole and absolute legal owner of the Vehicle.
- 4.4. You must submit the appropriate application for amendment of the register data to the relevant register within 14 (fourteen) days of the date the Loan was paid out to you, as a result of which You will be entered in the relevant register as the owner of the Vehicle. You must submit to us a copy of the registration certificate of the Vehicle. We may request You to submit the proof (payment deed or receipt) that You have transferred Loan for purchase of the car.
- 4.5. You must submit a signed Annex No. 1, the copy of the registration certificate and other documents specified in the Loan Contract to Us in a timely manner.
- 4.6. The documents to be submitted to Us and the manner of their submission must comply with the requirements specified in

these terms and conditions. The documents must be sent to Our Contact Details. The registration certificate of the Vehicle must be submitted to Us in such a manner that both sides of the document are clearly legible.

- 4.7. You agree at Your own expense promptly execute and deliver all further instruments and documents, perform all registrations, and take all further action that may be reasonable and necessary or desirable as determined by Us, in order to secure and protect the Commercial Pledge granted hereby.
- 4.8. You have the right to sell the Vehicle during the term of the Loan Contract, provided that You have received Our prior written consent. You must immediately inform Us in a format that can be reproduced in writing about the Vehicle's destruction, theft, involvement in an accident, disposal or any other situation that may have an impact on the exercise of Our right of pledge in respect of the Vehicle.
- 4.9. You have an obligation to deliver the Vehicle within 3 (three) days from Our notice for inspection and/or handing over the Vehicle in Our possession in case if the basis for execution of Commercial pledge emerges.
- 4.10. You have an obligation not to change the registration number of a Vehicle or bring the Vehicle outside the territory of European Union or European Economic Area without Our prior written consent.
- 4.11. You have the right to receive amounts remaining from execution of Commercial Pledge after settlement of all Your obligations and payments under the Loan Contract, including Commercial Pledge execution costs. Remaining amounts shall be transferred to Your account specified in the Loan Contract within 14 (fourteen) days after settling fully Your obligations.

## 5. OUR RIGHTS AND OBLIGATIONS

- 5.1. Encumbering the Vehicle with the Commercial Pledge gives Us the right to satisfy the claims arising from the Loan Contract that are secured with the pledge on account of the Vehicle if You fail to perform the obligations arising from the Loan Contract correctly. The claims arising from the Loan Contract that are secured with the pledge will be collected according to the Loan Contract and these terms and conditions.
- 5.2. We have the right to waive the claims against You arising from the Loan Contract with the right of pledge established on the Vehicle. We will inform You about the waiver of the claim and the transfer of the right of pledge to a new creditor according to effective legislation.
- 5.3. We have the right to not submit the application for registration of the Commercial Pledge to the register and/or demand that You submit the documents again if they do not comply with the requirements specified in applicable laws and send additional queries to the relevant state register for verification of data if necessary. If You do not submit the required documents or if they do not comply with requirements again when submitted for the second time, We will have the right to exercise the right specified in clause 6.1.
- 5.4. We will pay the state fee for registration, amendment and deletion of the Commercial Pledge on the Vehicle.

## 6. REMEDIES

- 6.1. We may exercise in respect of Vehicle, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party as pledge upon Your default under applicable law.
- 6.2. Should You fail to perform your obligations under the Loan Contract or in the event of early cancellation of the Loan Contract We may take possession of the Vehicle and to enforce selling of the Vehicle through private sale for free price (without auction and involvement of the court), in accordance with the provisions of the laws and regulations applicable for the exercise of Commercial Pledge rights. In such case You are obliged to hand over the Vehicle into Our possession upon Our first demand and You shall provide to Us all the information, documentation, accessories (including all sets of keys) related to the Vehicle.
- 6.3. Without prejudice to Our obligations under Article 47 of the Commercial Pledge Law, You shall waive all claims, damages and demands against Us arising out of the repossession, handling or disposition (sale) of the Vehicle, or any part or parts thereof pursuant to the terms of set hereof.
- 6.4. All expenses related to sale of the Vehicle shall be settled in accordance with provisions of Law on Commercial Pledge.
- 6.5. The rights and remedies provided hereof are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law of the Republic of Latvia.
- 6.6. In case of sale of the Vehicle, You authorize Us with the right to authorize Third Parties to take all actions necessary for the sale of the Vehicle, including to sign any relevant document.
- 6.7. We may enforce the Commercial Pledge, if You fail to fulfill obligations under Loan Contract or immediate any of enforcement

events stipulated under law, whichever condition occurs first.

## 7. OTHER TERMS AND CONDITIONS

- 7.1. We have the right to disclose information regarding the Commercial Pledge and You to Third Parties for the performance of the Loan Contract and/or if the respective right and/or duty arise(s) from law or of the Terms and Conditions of the Loan Contract.
- 7.2. All Our rights and security interests under the Loan Contract and these terms and conditions, and all Your obligations under the Loan Contract and these terms and conditions, shall be effective and unconditional, irrespective of: (1) any changes in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, (2) any exchange, release or non – perfection of any other pledge, or any release or amendment or waiver of or consent to any departure from any guaranty, for all or any of the Secured Obligations.
- 7.3. The Commercial Pledge shall terminate on the date on which the Secured Obligations have been unconditionally and irrevocably paid and discharged in full. We shall submit an application for the cancellation of the Commercial Pledge to the Commercial Pledge Register within 5 (five) business days after the Secured Obligations have been unconditionally and irrevocably paid and discharged in full.
- 7.4. These terms and conditions shall be governed and interpreted in accordance with the laws and regulations of the Republic of Latvia and the parties do hereby submit to the jurisdiction laws and regulations of the Republic of Latvia.