

HPB Rules & Regulations

For Bondholders whose applications were dated on or after 1st October 1989

A Definitions

“The Life Company” means HPB Assurance Limited whose Head Office is at Anglo International House, Bank Hill, Douglas, Isle of Man.

“The Trustee” means such company or person as may from time to time act as trustee of the single premiums payable to the Life Company.

“The Managers” means HPB Management Limited of HPB House, Newmarket, Suffolk.

“Bondholders” means holders of Bonds issued by the Life Company and called “Holiday Property Bonds” and “the Bondholder” means each individual bondholder to whom these Rules and Regulations apply.

“User Charges” means the charges payable by Bondholders on the exercise of Holiday Benefits in accordance with Rules B4 C4 and C9.

“Policy Administration Charge” means such a charge payable in accordance with the terms of the Holiday Property Bond issued by the Life Company.

“City Centre Properties” means those Holiday Properties which may be designated as such from time to time by the Managers with the consent of the Trustee and the Life Company.

“The Bond” means the Bonds issued by the Life Company to Bondholders and called “Holiday Property Bonds”.

“Holiday Benefits” means the occupation benefits available to the Bondholder under the Policy and for the avoidance of doubt includes the use of sporting rights whether or not that includes accommodation.

“Holiday Property” means any property made available for the purpose of providing Holiday Benefits for Bondholders.

“Holiday Year” means a period of one year commencing on the first day of the month following commencement of the Bond or on any anniversary thereof or (if different and requested by the Bondholder) the calendar year.

“Vacation Periods” means the periods of occupation or use specified by the Managers in respect of each Holiday Property.

“The Points Chart” means the holiday points chart to be issued and updated from time to time by the Managers in respect of the Holiday Properties under paragraphs B8 and B9 hereof.

“Annual Entitlement” means the number of annual Holiday Points to which the Bondholder is entitled from time to time in accordance with these Rules and Regulations.

“The Points Account” means the account of Holiday Points in respect of each Bondholder to be maintained by the Managers in accordance with paragraph B13 hereof.

“Relevant General Revaluation” means a general revaluation of all the Holiday Properties for the purposes of the Points Chart using advice from valuers appointed for that purpose.

“Qualifying Bondholder” means a Bondholder whose investment (including any applicable adviser charge) equals or

exceeds the level set in accordance with paragraph C9(c).

“Immediate family” in paragraph C9(d) means lineal ancestors and descendants.

In these Rules and Regulations words importing the masculine gender shall, where the context so admits, include the feminine and neuter genders and where the Bondholder shall comprise more than one person the singular shall include the plural and the obligations of such persons shall be joint and several.

B General

- 1 These Rules and Regulations relate to Bonds issued in respect of the Holiday Property Bond following applications dated on or after 1st October 1989 and they are intended to govern (i) the exercise of Holiday Benefits by Bondholders and (ii) the surrender of Bonds in whole or in part.
- 2 These Rules and Regulations may be altered by the Managers from time to time with the consent of the Trustee and the Life Company and all such alterations shall be binding on the Bondholder who shall be supplied with full details thereof. For the avoidance of doubt nothing in these Rules and Regulations shall affect the amount of the Policy Administration Charge which shall be fixed in accordance with the policy document issued to each Bondholder.
- 3 The functions of the Managers in relation to the management of the Holiday Properties and all booking arrangements shall be fulfilled by HPB Management Limited to whom all notices to be served by Bondholders in accordance with these Rules and Regulations should be addressed.
- 4 The Managers shall on or before 1st January each year determine a list of User Charges payable by Bondholders in respect of each Holiday Property for that year and a list of City Centre Properties. Such lists shall be circulated by the Managers to all Bondholders on or before 15th January in that year.
- 5 The Managers may amend the User Charges from time to time provided that written notice of any such changes shall be given to all Bondholders in writing prior to such charges being implemented.
- 6 The Managers shall obtain the approval of the Life Company to the proposed User Charges and any amendments, prior to the publication thereof, such approval not to be unreasonably withheld.
- 7 The Bondholder shall be entitled in each Holiday Year to occupy such Holiday Property for such period or periods as may be permitted by these Rules and Regulations on giving notice to the Managers in writing, by fax, telephone or e-mail or in such other manner as may from time to time be approved by the Managers.
- 8 The Holiday Benefits due to the Bondholder shall be calculated by reference to the Bondholder's annual entitlement and the Managers shall periodically issue brochures showing the Holiday Properties available for occupation by the Bondholders and a Points Chart showing the number of Holiday Points required for occupation of each property for each week in the year.

- 9 The Points Chart may be varied by the Managers from time to time and in particular may be varied:
- (a) on any relevant general revaluation of the Holiday Properties, or
 - (b) on any general variation or adjustment of the Points allocations as permitted under these Rules and Regulations or
 - (c) if and when any Holiday Property or Properties become unavailable for use by reason of any matter beyond the control of the Managers or
 - (d) on the making of any additional capital expenditure on any of the Holiday Properties.
- When any such variation of the Points Chart is made a copy of the revised Points Chart or a note of the particular revisions shall be issued to each of the Bondholders.
- 10 On the issue of a Bond, Bondholders shall be entitled to Holiday Points on the basis of one Point for every £1 invested in the Bond by way of a single premium including any applicable adviser charge.
- 11 The Trust Deed which governs the Holiday Property Bond provides for the fund assets to be invested in Holiday Properties and securities in proportions to be determined from time to time and in the event of any variation in such proportions an appropriate adjustment shall be made to the annual entitlement of each Bondholder.
- 12 The Managers may with the consent of the Trustee and the Life Company at any time alter the basis upon which Holiday Points are allocated to Bondholders provided always that in any such case existing Bondholders shall be entitled to a proportionate increase or decrease in the number of Holiday Points allocated to them so far as necessary to ensure that their holiday entitlement shall not be affected.
- 13 The Managers shall maintain a Points Account in respect of the Bondholder showing the number of Holiday Points available for his use in the current Holiday Year and each of the two following Holiday Years.
- 14 On any variation of the Points Chart under paragraph B9 above which is made as a result of a relevant general revaluation of the Holiday Properties the Annual Entitlement of each Bondholder shall be proportionately increased or decreased so that holiday entitlements shall not be affected and on any such variation of the Annual Entitlement the Managers shall notify all Bondholders of the variation.
- 15 At least once in every Holiday Year the Bondholder shall be notified by the Managers of any Points that will be forfeited if not used for a holiday taken before the end of such Holiday Year.
- 16 The Holiday Benefits shall first become exercisable by the Bondholder after the commencement date of the Bond.
- 17 The Bondholder shall be obliged to notify the Managers (in writing) of any change in his usual address.

- 18 The Managers may let Holiday Properties to persons other than Bondholders as envisaged by the Trust Deed governing the Holiday Property Bond on such terms as the Managers think fit if satisfied that it is in the general interests of Bondholders to do so.

C Booking Rules

- 1 All bookings and reservations of Holiday Property shall be subject to availability (at the time of booking) of the chosen property for the selected Vacation Period and all bookings and reservations shall be made or confirmed by the Bondholder in such manner as the Managers may from time to time reasonably require.
- 2 All bookings and reservations shall be made through the Managers who shall have complete discretion to refuse any particular booking or reservation if they consider it desirable to do so in the interests of the Bondholders generally.
- 3 (a) Subject to paragraphs C3 (b) and C3 (c) bookings may only be made for holidays to be taken within 24 months of the date of booking.
 (b) Properties specially adapted for the disabled can only be booked in the period 24-6 months ahead of the relevant Vacation Period where the party will include someone with the relevant disability. After that period such properties can still only be booked where the party will include someone with the relevant disability unless no other property with an equivalent number of bed spaces is available at the same location.
 (c) Where a Vacation Period is booked exactly 24 months ahead, the next succeeding Vacation Period in the same property may also be booked if available. For such a booking, however, cancellation of the first Vacation Period only will not be accepted, notwithstanding paragraph C7 (a).
 (d) Each booking shall be by reference to the Points Chart current at the time of booking and for such purposes the Bondholder shall be deemed to have the number of Holiday Points credited to his Points Account at the date of the booking. On acceptance of any booking the relevant Holiday Year's Points Account shall be debited accordingly.
- 4 The User Charge in respect of each Vacation Period booked by a Bondholder shall be that applicable on the issue of an invoice for the User Charge by the Managers. Such invoice shall be issued on confirmation of the booking by the Bondholder or if later eight weeks (or twelve weeks in the case of properties offered under the Bond's Tenancy Programme) prior to the start date of the holiday. User Charges are payable within 14 days of the issue of the Managers' invoice (or in accordance with paragraph C9 (a)) and if not so paid the Managers shall have the right to cancel the booking. If a Bondholder cancels a booking the User Charge (excluding any non-refundable deposits as referred to below) will be forfeited unless the Vacation Period is rebooked and the User Charge paid by another. In that case a credit note for the User Charge (or that part of it paid by another) valid for 24 months from the date of issue shall be given, but the Bondholder may

elect for a cash refund of the User Charge (or that part of it paid by another) less an administration fee of £25 (including VAT) which shall be payable to the Managers' agents. In the case of properties offered under the Bond's Tenancy Programme, a non-refundable deposit will be required before a booking is confirmed.

- 5** If the Bondholder shall not use all or any part of his Annual Entitlement in any Holiday Year, the whole or any remainder thereof may be carried forward and added to his Annual Entitlement for the next Holiday Year. Points so carried forward:-
- (a) will be used before the Annual Entitlement unless the booking is for a holiday to be taken in a Holiday Year after that in which the booking is made, in which case they will be used after the Annual Entitlement; and
 - (b) shall not be revalued under paragraph B14; and
 - (c) shall be forfeited if not used for a holiday taken in the Holiday Year to which they are carried forward unless transferred to the Bondholder's Seventy Day Account under paragraph C6.
- 6** (a) Each Bondholder shall have a Seventy Day Account to which shall be transferred Points that would otherwise be forfeited under sub-paragraph C5 provided that the total number of Holiday Points in the Seventy Day Account shall at no time exceed the Bondholder's current Annual Entitlement. Points in the Seventy Day Account may only be used in accordance with sub-paragraph C6 (b) and if not used within one year of transfer shall be forfeited.
- (b) A Bondholder may book Holiday Properties (other than City Centre Properties specifically excluded from the operation of this Rule) using Holiday Points from the Seventy Day Account provided that the booking is made seventy days or less before the start of the relevant Vacation Period and provided further that payment of the User Charge applicable at the time of the booking is made within fourteen days of the issue of an invoice by the Managers.
 - (c) These rules and regulations shall apply to any booking made using Holiday Points from the Seventy Day Account so far as not inconsistent with sub-paragraph C6(b).
 - (d) If a Bondholder has insufficient Holiday Points to secure a requested booking he may, after utilising both the relevant year's Annual Entitlement and all available carried forward Holiday Points and (if relevant) any Seventy Day Account Holiday Points, bring forward up to 50% of the next Holiday Year's uncommitted Annual Entitlement.
 - (e) A Bondholder may apply to acquire, for cash, up to 10% of the total Holiday Points required to secure a booking. The cost of these Holiday Points for a Qualifying Bondholder will be 7% of the number of Holiday Points acquired. The cost to other Bondholders will be 14% of the number of Holiday Points acquired.
- 7** (a) A cancellation made 6 months or more before the beginning of the relevant Vacation Period will always be accepted. Cancellations made at a later date will only be accepted

if the Vacation Period is booked by another Bondholder using Holiday Points.

- (b) Once a cancellation has been accepted a refund of Holiday Points deducted will be made but not exceeding the amount that was originally deducted when the booking was first made. User Charge refund will only be made in accordance with paragraph C4.
 - (c) All cancellations must be made or confirmed in writing by the Bondholder or in such other manner as the Managers may from time to time accept.
- 8** The Managers shall be entitled to cancel bookings in respect of any property which shall cease to be a Holiday Property. In such event the Managers will give as much prior notice as possible to Bondholders affected and will do their best to offer suitable alternative bookings.
- 9** (a) A Bondholder may book Holiday Properties other than City Centre Properties specifically excluded from the operation of this Rule without any Holiday Points being debited from the Points Account provided that either:
- (i) The booking is made 21 days or less (in the case of a UK property) or 42 days or less (in the case of a non-UK property) before the start of the relevant Vacation Period or
 - (ii) the booking is made 22 to 28 days (in the case of UK property) or 43 to 56 days (in the case of a non-UK property) before the start of the relevant Vacation Period and the Bondholder is a Qualifying Bondholder and provided further that in either such case payment of the User Charge applicable at the time of the booking is made within 5 days of the issue of an invoice by the Managers and, in any event, before the start of the relevant Vacation Period.
- (b) These rules and regulations shall apply to any booking made under this paragraph so far as not inconsistent with sub-paragraph C9 (a).
 - (c) The minimum total investment level to become a Qualifying Bondholder shall be set by the Managers from time to time. A Qualifying Bondholder shall remain so unless and until his total investment level falls below the minimum specified at the time he first became a Qualifying Bondholder. Total investment level shall mean the total of all single premiums paid under the Bond (to include any applicable adviser charge) less the proportion of any such total attributable to surrenders other than under paragraph F5.
 - (d) Holiday Properties booked under this Rule may only be used by the Bondholder and his immediate family or, in the case of corporate Bondholders their authorised personnel.
 - (e) Notwithstanding paragraph C3 (b) properties specially adapted for the disabled can only be booked under this rule where the party will include someone with the relevant disability in the period 56-50 days ahead of the relevant Vacation Period (in the case of a non-UK property) or 28-25 days ahead (in the case of a UK property) but thereafter will be available under this rule in the normal way.

(f) Where a Vacation Period is booked under this Rule the next succeeding Vacation Period in the same property may also be booked if available even if not then otherwise bookable under this Rule. For such a booking, however, cancellation of the first Vacation Period only will not be accepted, notwithstanding paragraph C7 (a).

- 10** No booking shall be accepted if there are arrears of Policy Administration Charge or administration charges arising from such arrears due from the Bondholder. Where such arrears arise before the start of a Vacation Period already booked by the Bondholder, the Managers may at their absolute discretion cancel such booking if the arrears are not cleared within fourteen days of a request from the Managers to do so.

D Occupation Rules

The Bondholder in common with all other Bondholders will be required to perform and observe the following obligations and restrictions relating to the occupation of Holiday Properties:

1. Not to utilise any facilities available to those in occupation of a Holiday Property when not themselves so in occupation and not to take up occupation of the property on the first day of any Vacation Period before the time specified by the Managers and to ensure that the property is vacated on the last day of such Vacation Period no later than the time specified by the Managers.
2. To keep the property reasonably clean and tidy and to vacate the property with all washing up complete.
3. To maintain the property (including its contents) in a reasonable state and condition and to pay to the Managers on demand the cost of repairing or making good any damages or breakages.
4. To report any work of repair or maintenance which may be required to be carried out to the property or its contents during the Vacation Period and to allow access to the Managers or their servants, agents or workmen for such work, whether or not reported.
5. To comply with all arrangements made by the Managers for the disposal of refuse and not to deposit any harmful substance or material into the sinks, baths, lavatories, cisterns and drains of the property nor allow anything to be thrown from or accumulate outside the property.
6. To comply with any local rules and regulations issued by the Managers in relation to any particular Holiday Property and with the smoking policy issued by the Managers from time to time.
7. Not to use the property or permit it to be used during the Vacation Period for any purpose other than as holiday accommodation and not to use or permit it to be used for any illegal or immoral purpose.
8. Not to allow the property to be occupied during the Vacation Period by more than the number of persons for whom beds are provided by the Managers or allow others to occupy the site other than in the property.

9. Not to display any notices or signs or external projections on the property or make any additions or alterations to it nor to damage the property or its contents in any way.

10. Not to do or permit anything which may be a nuisance or cause damage or annoyance to any adjoining or neighbouring owner or occupier and in particular not to make excessive or unreasonable noise inside or outside the property.

11. Not to do anything which might invalidate the insurance cover on the property or its contents. In the event of the Bondholder so doing and of any insurance monies not being recoverable in consequence the Bondholder shall be responsible for making good the amount irrecoverable.

12. Not to bring into or store in the property any highly flammable or explosive substance.

13. Not to bring or keep any animal or pet in the property without the consent of the Managers save where cats or dogs are specifically stated in property descriptions to be permitted in certain properties subject to certain charges and conditions and the Bondholder has notified the Managers that cats or dogs will be taken.

14. To pay to the Managers on demand all costs and expenses reasonably incurred in making good any breach of the foregoing obligations and restrictions.

The above obligations and restrictions shall apply where relevant to properties being or including sporting rights in relation to which further local rules and regulations under D6 above may be issued.

The above obligations and restrictions shall apply to the Bondholder, his family and guests and all persons nominated by him in accordance with paragraph E below. In the event of any serious or persistent breach thereof (as to which the decision of the Managers shall be conclusive) the Managers may levy such additional charges or suspend the Holiday Benefits under the Bond for such period as they may think fit and during any period of suspension the Bondholder shall not be entitled to take up any Holiday Benefits.

The Life Company shall be entitled to deduct from any payment due to the Bondholder by virtue of the Bond all sums due or owing from the Bondholder as a result of any breach of the obligations and restrictions set out above.

E Nominations

A Bondholder may nominate any other person (other than another Bondholder whose Holiday Benefits are suspended under Section D above and subject to the restrictions in C9(d) above) to occupy a Holiday Property during any Vacation Period which he shall have reserved provided that:

- (a) at least one person in occupation of any property during any Vacation Period shall be at least 18 years old; and
- (b) the Bondholder shall before the commencement of such occupation notify the Managers in writing and supply the full

names and address of the nominee and the Bondholder shall be liable for all damage or loss to the property or its contents caused by such nominee as if the damage or loss had been caused by the Bondholder himself and all remedies or sanctions available to the Managers or the Life Company shall be equally applicable.

F Rules relating to surrender and partial surrender

1. Encashment under the 'Holiday Satisfaction Guaranteed' offer is governed by separate terms and conditions set out in the sheet enclosed with the 'Key Features' document but note paragraph F5.
2. Any Bondholder wishing to surrender his Bond either in whole or in part shall give not less than three months' prior written notice to the Life Company to that effect.
3. No Bond may be surrendered in whole or in part within two years of the date of its issue or within six months after the exercise of any entitlement to Holiday Benefits there under (taken from the end of the relevant Vacation Period) or otherwise not in accordance with the terms of the policy document.
4. If any Bond shall be surrendered as to part only the number of Holiday Points allocated to the Bondholder at the date of surrender shall be reduced by a corresponding proportion (subject always to the provisions of paragraph F6 below).
5. If on receipt of any notice to surrender the Life Company shall in its discretion consider that it is necessary due to exceptional circumstances and in the interests of the Bondholders generally to defer the surrender then the Life Company may by written notice to the Bondholder direct that the surrender shall be deferred for a period of not more than twelve months from the date of receipt of the surrender notice and payment to the Bondholder shall be postponed accordingly and be calculated by reference to the value of the Bond at the time of such payment. These deferral provisions, if invoked, shall also apply to encashment under the 'Holiday Satisfaction Guaranteed' offer referred to in paragraph F1.
6. The Bondholder may at the discretion of the Life Company elect in lieu of taking up his entitlement to Holiday Benefits in any Holiday Year to surrender units under the Bond representing up to 5% of the single premium paid on the Bond. The actual percentage payable shall be set by the Life Company in its discretion from time to time. Such election shall be made in writing to the Managers (acting on behalf of the Life Company) before the commencement of the Holiday Year in question and payment shall be made by the Life Company at the end of such Holiday Year. Payment will be calculated by reference to the value of the Bond at the time of such payment (excluding any value attributable to any further premium paid by the Bondholder since the date of such election). If, however, in a Holiday Year for which

an election under this paragraph is in force the Bondholder shall otherwise surrender the Bond in whole or in part the payment due under this paragraph shall be reduced to as many three hundred and sixty-fifths of the full payment as there are days from the commencement of the relevant Holiday Year to the date of such surrender.

If the Bondholder exercises his right under this paragraph the Bondholder will automatically be entitled to a bonus issue of units under his Bond equal in number and value to those surrendered immediately on such surrender and there shall be no consequent reduction in the number of Holiday Points to which the Bondholder is entitled, the death benefits payable under the Bond or the surrender value thereof.

7. Surrender and partial surrender is not available on premiums under the Term Top-up or Points Plus Top-Up Rules.

8. On full surrender, no Policy Administration Charge shall be payable after the date by reference to which the surrender value is calculated. No refund of Policy Administration Charge already due (whether or not paid) shall be made on surrender even if not on a quarterly Policy Administration Charge payment date. Any arrears of Policy Administration Charge or administration charges arising from such arrears may be deducted by the Life Company from any monies due to the Bondholder on full or partial surrender.

G Top up your Bond

1. Additions can be made at any time during a Holiday Year and Holiday Points will be added in full to the current Points Account.
2. The holiday benefits due in respect of an addition shall be exercisable immediately on issue of the endorsement relating thereto.
3. In all other respects these Rules and Regulations shall apply to additions as if they were new premiums.
4. All additions are accepted at the discretion of the Life Company and the ability to make them may be withdrawn without notice at any time.

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