

dated

2015

Homes and Communities Agency

and

[Grant Recipient]

Grant Agreement (new RP (non-Local Authority))

in relation to the Affordable Homes Programme 2015-2018

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Grant Agreement

dated

Parties

- (1) **Homes and Communities Agency**, a body corporate under Section 1 of the Housing and Regeneration Act 2008, of Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington WA3 7QH (including any statutory successor) (the **Agency**); and
- (2) [] [(a company (company number []) whose registered address is at [])] [(a registered society as defined in Section 1 of the Co-operative and Community Benefit Societies Act 2014 [registered number]) whose registered office is at []] (the **Grant Recipient**).

Introduction

- (A) The Agency is empowered under Section 19 of the Housing and Regeneration Act 2008 inter alia, to make grants available to facilitate the development and provision of housing.
- (B) The Agency has agreed to advance grant funding to the Grant Recipient pursuant to the Agency's Affordable Homes Programme 2015-18 to facilitate the delivery of certain affordable housing schemes subject to and in accordance with the terms of this Agreement.
- (C) The Grant Recipient has submitted a bid to the Agency for grant funding to assist the Grant Recipient in the construction of affordable housing.
- (D) Grant paid by the Agency to the Grant Recipient pursuant to this Agreement is social housing assistance as defined in Section 32(13) of the Housing and Regeneration Act 2008.
- (E) The grant funding provided under this Agreement is made in compliance with the requirements set out in the European Commission's Decision of 20 December 2011 concerning public service compensation granted for Services of General Economic Interest (2012/21/EU).

1 Definitions and interpretation

1.1 Definitions

In this Agreement unless the context otherwise requires the following terms shall have the meanings given to them below:

Acceptance Date means the date upon which the Agency accepts a scheme for the delivery of AHP Housing in IMS pursuant to Condition 5.1 (*Firm Schemes*);

Actual Development Costs means in respect of each Firm Scheme the amount of Development Costs actually incurred by the Grant Recipient in acquiring, developing and/or Rehabilitating that Firm Scheme as such amount is warranted and certified by the Grant Recipient pursuant to Condition 13.2.3 (*Grant Claim Procedures*) and Condition 13.4.3 (*Grant Claim Procedures*);

Additional Scheme means a scheme for the delivery of AHP Housing proposed by the Grant Recipient in addition to those comprised within the Original Approved Bid;

Additional Scheme Acceptance Date means the date upon which the Agency confirms acceptance of an Additional Scheme pursuant to Condition 8.10 (*Firm Scheme substitution and additions*);

Affected AHP Dwelling means an AHP Dwelling in relation to which a Recovery Event occurs;

Affordable Homes Guarantees Programme means the programme described in the publication entitled "2013 - 2015 Affordable Homes Guarantee Programme Framework" issued by the Department for Communities and Local Government Agency in February 2013 (as the same may be amended or updated from time to time);

Affordable Home Ownership means low cost home ownership on Shared Ownership Lease terms;

Affordable Home Ownership Dwelling means an AHP Dwelling to be disposed of on Affordable Home Ownership terms;

Affordable Homes Programme 2015-18 (or **AHP 2015/18**) means the programme described in the publication entitled "Affordable Homes Programme 2015-18 Prospectus" issued by the Agency in January 2014 (as the same may be amended or updated from time to time);

Affordable Rent means a rent (inclusive of service charges) which does not exceed eighty per centum (80%) of the market rent for an equivalent property of the relevant size and location such rent to be assessed and set in accordance with the applicable requirements of the Rent Standard;

Affordable Rent Dwelling means an AHP Dwelling let or to be let at an Affordable Rent and not a Social Rent;

Agency's Representative means such person or persons as the Agency may nominate to act as its representative from time to time for the purposes of this Agreement;

Agreed Principles means the terms set out in Part 1 of Schedule 3 (*Agreed Principles*);

Agreed Purposes means the purposes for which each of the AHP Dwellings is to be used as such purposes are described in the Firm Scheme Details;

Agreement means this grant agreement (including its Schedules);

Agreement Funding means any funding given to the Grant Recipient by the Agency under the provisions of this Agreement;

AHP Dwelling means:

- (a) a house, flat or maisonette which was developed with the benefit of grant payable under this Agreement and in relation to each relevant Firm Scheme as more particularly described in the relevant Firm Scheme Details; and

- (b) a Nil Grant Unit.

AHP Housing means housing provided by the Grant Recipient pursuant to this Agreement that will be made permanently available:

- (a) at an Affordable Rent;
- (b) at a Social Rent; or
- (c) on Affordable Home Ownership terms.

AHP 2011/15 means the Affordable Homes Programme 2011-15 described in the AHP Framework Document and administered by the Agency outside London and by the Greater London Authority within London;

AHP 2015/18 Funds means grant funding made available pursuant to the AHP 2015/18 or care and support funding made available by the Department of Health (if any);

AHP Framework Document means the publication entitled "2011-15 Affordable Homes Programme - Framework" issued by the Department for Communities and Local Government and the Agency in February 2011 (as the same may be amended or updated from time to time);

Allocation Change Notice means a notification submitted by the Agency under Condition 11.3 (*Review, Monitoring and Reporting*);

Allocated Grant means [], being the maximum amount of grant payable by the Agency to the Grant Recipient in respect of the Approved Bid (as the same may be amended from time in accordance with the terms of this Agreement);

Annual Review Meeting means the first Review Meeting in each Financial Year;

Approved Bid means the aggregate of the New Schemes and Indicative Schemes (if any) accepted by the Agency in IMS as at the date of this Agreement and summarised in Schedule 1 (*Approved Bid*) (as the same may be amended, added to, supplemented, substituted or varied in accordance with the terms of this Agreement);

Area means a geographical area prescribed by the Agency from time to time in which a Help to Buy Agent operates;

Balancing Sum means such sum as represents the amount by which Public Sector Subsidy in respect of a Firm Scheme exceeds the Actual Development Costs incurred by the Grant Recipient in relation to that Firm Scheme;

Bid Default means the Agency determines (acting reasonably) that proper progress against the Grant Recipient's projections in the Approved Bid has not been made by the Grant Recipient in delivering the Approved Bid;

Building Contract means a contract entered into between the Grant Recipient and a Building Contractor relating to the construction and development and/or Rehabilitation of a Firm Scheme;

Building Contractor means any building contractor or developer appointed or to be appointed by the Grant Recipient in respect of a Firm Scheme;

Business Day means any day other than a Saturday, Sunday or a statutory Bank Holiday in England;

Care and Support Specialised Housing Fund means the Care and Support Specialised Housing Fund described in the Department of Health and Agency publication entitled "Care and Support Specialised Housing Fund - Prospectus - October 2012";

Capital Funding Guide means the "Affordable Housing Capital Funding Guide" published on the Agency's website or any successor guide so published subject to such amendments variations or updates to the same as the Agency (or any successor body) may publish on its website from time to time;

CDM Regulations means the Construction (Design and Management) Regulations 2007 S.I. No. 320;

CEDR means the Centre for Effective Dispute Resolution;

Competent Authority means for the purposes of Condition 11 (*Review, Monitoring and Reporting*) and Condition 20 (*Data Protection*) any or all of:

- (a) a committee of the United Kingdom parliament;
- (b) a minister of the British Crown;
- (c) the Commission of the European Union; or
- (d) a court of England and Wales or the Court of Justice of the European Union;

Completed Firm Scheme means a Firm Scheme in relation to which the Agency has paid both First Tranche Grant and Second Tranche Grant;

Compliance Audit means the procedure (in a form advised by the Agency from time to time) by which an auditor independent of the Grant Recipient certifies (at the Grant Recipient's Cost) whether the Firm Schemes developed or Rehabilitated pursuant to this Agreement satisfy the Agency's procedural compliance requirements (as described in the Capital Funding Guide);

Confidential Information means in respect of the Agency all information relating to the Agency's business and affairs, its employees, suppliers including IMS systems, data and software programs and otherwise relating to the existence or terms of this Agreement in respect of which the Grant Recipient becomes aware in its capacity as a party to this Agreement or which is received by the Grant Recipient in relation to this Agreement from either the Agency or any of its advisers or from any third party if the information was obtained by that third party directly or indirectly from the Agency or any of its advisors in whatever form in either case (including information given orally and any document electronic file or other means of recording or representing information which includes derives or is copied from such information) and in the case of the Grant Recipient means such specific information as the Grant Recipient shall have identified to the Agency in

writing prior to the date hereof as confidential information for the purposes of this Agreement;

Consents means any necessary approval, authorisation, consent, exemption, licence, permit, permission or registration by or from any Relevant Authority;

Construction Innovations Statement means the statement of that name submitted by the Grant Recipient in relation to the delivery of the Approved Bid;

Continuing Firm Scheme means a Firm Scheme in respect of which:

- (a) the Start on Site Date has or will have occurred at the date of the expiry of the notice period referred to in Condition 18.4.2 (*Default Events and Termination*) or at the date of the expiry of the period referred to in Condition 18.6.2 (*Default Events and Termination*) (as applicable); and
- (b) the First Tranche Grant has been paid;

Conversion Capacity means the sum to be generated through Permitted Conversions and identified in the relevant field in IMS;

CORE means the national information source "Continuous Recording" that records information on new occupiers of affordable housing and the properties they rent or buy;

Data Controller has the meaning ascribed to it in the DPA;

Data Processor has the meaning ascribed to it in the DPA;

Data Subject has the meaning ascribed to it in the DPA;

Decision Allowable Costs means those costs incurred by the Grant Recipient in providing the AHP Housing as specified in Schedule 1 (*Approved Bid*) (calculated using generally acceptable accounting principles) as follows:

- (a) the Development Costs;
- (b) all other direct costs of providing the AHP Housing;
- (c) a proper proportion of costs (including for common infrastructure) if these are shared between AHP Housing and other construction on sites where the AHP Housing is situated; and/or
- (d) other costs permitted under the SGEI Decision of operating the AHP Housing as affordable housing;

Decision Net Costs means under the SGEI Decision the maximum amount of aid which may be provided without Unlawful State Aid arising;

Decision Revenue means all income (including all Public Sector Subsidy but excluding Firm Scheme Grant) which the Grant Recipient or a Grant Recipient Affiliate receives for the purposes of or earns from the AHP Housing;

Default Event means any of a Scheme Default, a Specified Default, a Bid Default or a Fundamental Default;

Deficit Sum means (as the context requires) the difference (expressed as a positive sum) between:

- (a) the negative amount of the Second Tranche Grant referred to in Condition 6.5.1(b) (*Changes to Firm Schemes*) and zero, or
- (b) the negative amount of the Second Tranche Grant referred to in Condition 15.2.2(b) (*Adjustments to Second Tranche Grant*) and zero;

Development Costs means the costs relating to Site acquisition and Works in relation to a Firm Scheme incurred or to be incurred in respect of such Firm Scheme by the Grant Recipient in respect of the heads of expenditure set out in Part 1 to Schedule 4 (*Development Costs*) or such other heads of expenditure as the Agency may in its absolute discretion agree in respect of any Firm Scheme **provided that** any costs falling within the heads of expenditure set out in Part 2 to Schedule 4 (*Costs which are not Development Costs*) shall not be capable of being treated as Development Costs;

Direction means a direction to the Agency in relation to rent given by the Secretary of State from time to time pursuant to Section 197 of the HRA 2008;

Disposal means a transaction the effect of which is that the legal or beneficial interest in any AHP Dwelling transfers to, becomes vested in, is leased to or reverts to another person;

DPA means the Data Protection Act 1998;

DPF means the Disposal Proceeds Fund maintained by the Grant Recipient in accordance with the requirements of Section 177 of the HRA 2008;

EIR means the Environmental Information Regulations 2004, together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such statutory instrument;

EIR Exemption means any applicable exemption to EIR;

Employment and Skills Statement means the statement of that name submitted by the Grant Recipient in relation to the delivery of the Approved Bid;

EU Procurement Regime means all applicable United Kingdom and European procurement legislation and any implementing measures and any other legislation in connection with the procurement of works, supplies or services including European Union directives 2014/24EU, 89/665/EEC and 2004/17/EC, United Kingdom Statutory Instruments 1991/268, 1995/201, 1993/3228 and 2006/5 insofar as the same are applicable;

Exempted Information means any Information that is designated as falling or potentially falling within the FOIA Exemptions or the EIR Exemptions;

Financial Year means from the date of this Agreement to the next 31 March and thereafter from 1 April to 31 March in each year until the expiry of the Term;

Firm Scheme means each scheme for the development of the AHP Dwellings as has been fully detailed in IMS and accepted by the Agency through IMS:

- (a) as a Firm Scheme as at the date hereof; or
- (b) in accordance with Condition 5.1 (*Firm Schemes*); or
- (c) in accordance with Condition 8.4 (*Firm Scheme substitution and additions*) or Condition 8.10 (*Firm Scheme substitution and additions*).

Firm Scheme Completion Date means the date set out in the Firm Scheme Delivery Timetable by which the Site acquisition (if applicable) and Practical Completion must have been achieved;

Firm Scheme Delivery Timetable means the timetable for the construction, development (and/or Rehabilitation) and delivery of each Firm Scheme as agreed by the Agency through IMS;

Firm Scheme Details means:

- (a) in respect of each Firm Scheme comprised within the Original Approved Bid, the descriptive and other details in respect of that scheme summarised in Schedule 1 (*Approved Bid*) but as more particularly described in IMS and as accepted by the Agency through IMS; or
- (b) in respect of any other Firm Scheme, the descriptive and other details in relation to that scheme set out in (and as accepted by the Agency) in IMS,

in each case as the same may be varied from time to time in accordance with the terms of this Agreement.

Firm Scheme Grant or FSG means the amount of grant payable by the Agency in respect of a Firm Scheme as set out in the relevant Firm Scheme Details;

First Tranche Grant means subject to Condition 5.4 (*Firm Schemes*) such sum as is equivalent to fifty per centum (50%) of the Firm Scheme Grant;

FOIA means the Freedom of Information Act 2000, and any subordinate legislation made under such Act from time to time together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such legislation;

FOIA Exemption means any applicable exemption to FOIA;

Fund Proceeds means those proceeds of the RCGF (subject to Condition 17.12) or DPF utilised by the Grant Recipient in meeting in whole or in part the Development Costs;

Fundamental Default means any of a Fundamental (A) Default or a Fundamental (B) Default;

Fundamental (A) Default means the occurrence of any of the following:

- (a) an Insolvency Event has occurred in relation to the Grant Recipient;

- (b) a Prohibited Act has been committed by or on behalf of the Grant Recipient (in respect of which the Waiver Condition has not been satisfied);
- (c) any Consent necessary to the delivery of the Approved Bid is withdrawn or revoked;
- (d) the Grant Recipient ceases operating or trading; or
- (e) the Grant Recipient's status as a Registered Provider is lost, removed or relinquished;

Fundamental (B) Default means the occurrence of any of the following:

- (a) the Grant Recipient's Investment Partner status is lost, removed or relinquished;
- (b) the Regulator directs or recommends that grant is not to be paid to the Grant Recipient; or
- (c) the Grant Recipient (either by its own actions or omissions, or those of its contractors or agents) harms the Agency's reputation or brings the Agency or AHP 2015/18 into disrepute;

Fundamental Termination Amount means the amount calculated by deducting the aggregated amount of all Firm Scheme Grant paid to the Grant Recipient pursuant to Condition 14.1 (*Payment of Grant*) in relation to all Completed Firm Schemes prior to the Notice Date from the aggregated amount of all Firm Scheme Grant paid to the Grant Recipient pursuant to that Condition prior to such date;

General Withholding Event means a GW1 Event, GW2 Event or a GW3 Event;

Grant Recipient Affiliate means a third party whose relationship with the Grant Recipient falls within limb (b) of the definition of Grant Recipient Party;

Grant Recipient Party means:

- (a) the Grant Recipient, the Building Contractor, any member of the Professional Team, agent, employee or subcontractor of the Grant Recipient and the Grant Recipient's Representative; and
- (b) any subsidiary or holding company of the Grant Recipient or any subsidiary to any such holding company as subsidiary and holding company are defined in Section 1159 of the Companies Act 2006;

Grant Recipient's Representative means the Grant Recipient's Development Director or such other person agreed by the Agency to act as the Grant Recipient's representative from time to time for the purposes of this Agreement;

GW1 Event means the occurrence any of the following:

- (a) a failure by the Grant Recipient to comply with any repayment or reporting obligation under this Agreement; or

- (b) a material breach by the Grant Recipient of any obligation under this Agreement (other than one listed in sub-paragraph (a) of this definition) and the Grant Recipient has not taken steps to remedy it to the Agency's satisfaction (acting reasonably);

GW2 Event means any of the following:

- (a) the Grant Recipient's Investment Partner status is lost or removed;
- (b) the Regulator directs or recommends that grant is not to be paid to the Grant Recipient; or
- (c) the Grant Recipient fails to deliver all the AHP Housing which it was committed to deliver under this Agreement by 31 March 2018;
- (d)

GW3 Event means any of the following:

- (a) an Insolvency Event occurs in relation to the Grant Recipient;
- (b) a Prohibited Act has been committed by or on behalf of the Grant Recipient (in respect of which the Waiver Condition has not been satisfied);
- (c) the Grant Recipient ceases operating or trading;
- (d) the Grant Recipient's status as a Registered Provider is lost, relinquished or removed or the Agency becomes aware that such status will be or is likely to be lost, relinquished or removed;
- (e) any Consent necessary to deliver the Approved Bid is withdrawn or revoked; or
- (f) the Grant Recipient (either by its own actions or omissions, or those of its contractors or agents) harms the Agency's reputation or brings the Agency or AHP 2015/18 into disrepute;

Help to Buy Agency Agreement means an agreement (or any other formal arrangement) entered into between the Grant Recipient and the Help to Buy Agent in whose Area a Firm Scheme is located and pursuant to which the Help to Buy Agent undertakes such roles or activities as the Agency may prescribe from time to time including inter alia the provision of a one stop service to qualifying applicants enquiring and applying for home ownership, marketing, the provision of lists of qualifying applicants to grant recipients and provision of information in respect of such services;

Help to Buy Agent means a body appointed by the Agency to undertake such roles or activities as the Agency may prescribe for Help to Buy Agents from time to time;

HRA 2008 means the Housing and Regeneration Act 2008;

HS Act means the Health and Safety at Work etc. Act 1974;

IMS means the Agency's on-line investment management system from time to time or any successor system;

Indicative Allocation means in relation to each Indicative Scheme the amount of the Allocated Grant attributed to that scheme in the Indicative Scheme Details;

Indicative Scheme means each prospective scheme for the development of AHP Housing in respect of which the Grant Recipient expects to secure Firm Scheme status by the Transition Date;

Indicative Scheme Details means

- (a) in respect of each Indicative Scheme comprised within the Original Approved Bid, the descriptive and other details in respect of that scheme summarised in Schedule 1 (*Approved Bid*) but as more particularly described in IMS and as accepted by the Agency through IMS (as the same may be varied from time to time in accordance with the terms of this Agreement); or
- (b) in respect of any other Indicative Scheme, the descriptive and other details in relation to that scheme set out in (and accepted by the Agency) in IMS,

in each case as the same may be varied, from time to time in accordance with the terms of this Agreement.

Information has the meaning in relation to:

- (a) the FOIA, given under Section 84 of the FOIA and which is held by the Agency or the Grant Recipient (as appropriate) at the time of receipt of an RFI; and
- (b) EIR, given under the definition of environmental information in Regulation 2 of the EIR and which is held by the Agency or Grant Recipient (as appropriate) at the time of receipt of an RFI;

Information Commissioner has the meaning set out in Section 6 of the DPA 1998;

Insolvency Event means the occurrence of any of the following in relation to the Grant Recipient:

- (a) it is unable or admits an inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (b) the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities);
- (c) a moratorium is declared in respect of any indebtedness, or the Agency receives a notice under Section 145(2) of HRA 2008;
- (d) any corporate action, legal proceedings or other procedure or step is taken in relation to:

- i the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganisation on terms previously approved by the Agency (such approval not to be unreasonably withheld or delayed);
 - ii a composition, compromise, assignment or arrangement with any of its creditors;
 - iii the appointment of a liquidator (other than in respect of a solvent liquidation on terms previously approved by the Agency, such approval not to be unreasonably withheld or delayed), receiver, administrative receiver, administrator, compulsory manager or other similar officer;
 - iv enforcement of any Security over any assets of the Grant Recipient;
 - v any analogous procedure or step is taken in any jurisdiction;
- other than any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within ten (10) Business Days of commencement; or
- (e) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Grant Recipient which has a Material Adverse Effect in relation to the Approved Bid or any Firm Scheme;

Intellectual Property Rights shall include without limitation all rights to, and any interests in, any patents, designs, trademarks, copyright, know-how, trade secrets and any other proprietary rights or forms of intellectual property (protectable by registration or not) in respect of any technology, concept, idea, data, program or other software (including source and object codes), specification, plan, drawing, schedule, minutes, correspondence, scheme, formula, programme, design, system, process logo, mark, style, or other matter or thing, existing or conceived, used, developed or produced by any person;

Investment Partner means an organisation which has been confirmed by the Agency as having "Investment Partner Status" under the Agency's Investment Partner qualification procedure from time to time;

Law means any applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, rule of court or directives or requirements of any Regulatory Body, delegated or subordinate Legislation or notice of any Regulatory Body;

Legislation means:

- (a) any Act of Parliament;
- (b) any subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978;
- (c) any exercise of the Royal Prerogative; and

- (d) any enforceable EU right within the meaning of Section 2 of the European Communities Act 1972;

in each case in the United Kingdom;

Local Housing Authority means a principal council (as defined in Section 270 of the Local Government Act 1972) or any body of government in England established as a successor to principal councils exercising the functions of a local housing authority in whose administrative area the relevant Firm Scheme is being delivered by the Grant Recipient;

London means the administrative area of the Greater London Authority from time to time;

Material Adverse Effect means the effect of any event or circumstance which is reasonably likely to be materially adverse to the ability of the Grant Recipient to deliver the Approved Bid or a Firm Scheme (as the context requires) on the basis agreed under this Agreement and/or within the time limits (if any) for doing so;

Milestone means each stage in the delivery of the Firm Scheme agreed by the parties and set out in IMS (including as a minimum a Start on Site Date and a Firm Scheme Completion Date);

Milestone Date means the date agreed by the Agency through IMS by which the relevant Milestone must have been achieved (as the same may be varied by the Agency pursuant to Condition 7.1 (*Time extensions*));

Milestone Extension Event means any of the following:

- (a) exceptionally adverse weather conditions;
- (b) delay in receipt of any necessary permission or approval of any statutory body or other person which the Grant Recipient has taken all practicable steps to avoid or reduce;
- (c) the exercise after the date of this Agreement by the United Kingdom Government of any statutory power which directly affects the execution of the construction works necessary to the delivery of the Firm Scheme by restricting the availability or use of labour which is essential to the proper carrying out of such works or preventing the Grant Recipient from, or delaying in, securing such goods or materials or such fuel or energy as are essential to the proper carrying out of such works;
- (d) the use or threat of terrorism and/or the activity of the relevant authorities in dealing with such use or threat;
- (e) fire, explosion, lightning, storm, tempest, flood, bursting or overflowing of water tanks, apparatus or pipes, ionising radiation, earthquakes, riot and civil commotion;
- (f) failure by any statutory undertaker, utility company or other like body to carry out works or provide services;

- (g) any accidental loss or damage to the development or any roads servicing it;
- (h) any failure or shortage of power, fuel or transport;
- (i) any blockade or embargo;
- (j) any:
 - i official or unofficial strike;
 - ii lockout;
 - iii go-slow; or
 - iv other dispute

generally affecting the house building industry or a significant sector of it;
- (k) the appointment of the Building Contractor under the Building Contract has been terminated or the Building Contract has been terminated; or
- (l) any material failure by the Building Contractor under the terms of the Building Contract which has the direct result of delaying the Grant Recipient's compliance with a Milestone Date and which did not result from the Grant Recipient's failure effectively to manage the Building Contract

unless:

- (a) any of the events arises (directly or indirectly) as a result of any wilful default or wilful act of the Grant Recipient or, save in respect of the event referred to in (k) above, any of its subcontractors of any tier; or
- (b) in respect of the event referred to in (f) above, such event arises as a result of any failure by the Grant Recipient (whether wilful or otherwise) to notify the relevant statutory undertaker or utility company of the requirement for works or services to be completed by the date required to enable the Grant Recipient to complete the Firm Scheme by the Firm Scheme Completion Date;

Milestone Failure means a failure by the Grant Recipient fully to achieve any Milestone by the relevant Milestone Date;

New Scheme means a named scheme for the delivery of AHP Housing accepted by the Agency as part of the Original Approved Bid;

NHBC means the National House-Building Council;

Nil Grant Unit means a house, flat or maisonette comprised within a Firm Scheme in respect of which unit the Grant Recipient did not seek grant funding under this Agreement;

Non Compliance Notification Date means the date on which the Agency notifies the Grant Recipient that it has become aware that a Firm Scheme in respect of which it has paid Firm Scheme Grant does not meet the Firm Scheme Details;

Notice Date means the date of the notice served in accordance with Condition 18.7 (*Default Events and Termination*);

Notification Failure means in relation to each of Conditions 6.3.1 (*Changes to Firm Schemes*), 6.3.3 (*Changes to Firm Schemes*), 6.5.1 (*Changes to Firm Schemes*) and 6.5.3 (*Changes to Firm Schemes*) a failure by the Grant Recipient to advise the Agency within the period specified in the relevant Condition as to whether it wishes to proceed with a Firm Scheme or to withdraw it from the Agreement;

Officer's Certificate means a certificate in the form set out in Schedule 2 (*Officer's Certificate*) (or in such other form as the Agency may prescribe from time to time) signed by the Grant Recipient's Representative or such other person may be agreed by the Agency from time to time;

Open Book Basis means the full and transparent disclosure and declaration of all information which the Grant Recipient or a Grant Recipient Party is required to maintain, keep or disclose under this Agreement including all price components including profit margins, central office overheads, site overheads, preliminaries, contingencies and the cost of all materials, goods, equipment, work and services, apportionments of such items together with all and any books of accounts;

Original Approved Bid means the aggregate of the New Schemes and Indicative Schemes (if any) accepted by the Agency in IMS as at the date of this Agreement;

Permitted Conversions means the number of properties (other than the AHP Dwellings) identified in the Approved Bid which the Grant Recipient may let at an Affordable Rent or, as applicable, dispose of either on Affordable Home Ownership terms or on market sale terms to generate the Conversion Capacity;

Personal Data has the meaning ascribed to it in the DPA;

Planning Permission means the grant of detailed planning permission either by the local planning authority or the Secretary of State;

Post-Start Change means a change to a Firm Scheme proposed by the Grant Recipient pursuant to Condition 6.1 (*Changes to Firm Schemes*) in the period after the payment of the First Tranche Grant in relation to that Firm Scheme but before the payment of the relevant Second Tranche Grant;

Practical Completion means that stage in the execution of a Firm Scheme when the Works have been completed in accordance with the terms of the relevant Building Contract and/or the terms of this Agreement such that the AHP Dwellings comprised within the Firm Scheme are fit for beneficial occupation as a residential development in accordance with applicable NHBC or equivalent requirements current at the date of inspection subject only to the existence of minor defects and/or minor omissions at the time of inspection which are capable of being made good or carried out without materially interfering with the beneficial use and enjoyment of the Firm Scheme and which would be

reasonable to include in a snagging list, and Practically Complete shall be construed accordingly;

Pre-Start Change means a change to a Firm Scheme proposed by the Grant Recipient pursuant to Condition 6.1 (*Changes to Firm Schemes*) prior to the payment of the First Tranche Grant;

Previous Programme means any of the AHP 2011/15, the Affordable Homes Guarantees Programme or the Care and Support Specialised Housing Fund;

Process has the meaning ascribed to it in the DPA;

Procurement Efficiencies Statement means the statement of that name submitted by the Grant Recipient in relation to the delivery of the Approved Bid;

Professional Team means (as applicable) the architect, civil & structural engineer, the mechanical & electrical engineer and any other consultant appointed by the Grant Recipient in connection with a Firm Scheme;

Prohibited Act means:

- (a) offering, giving or agreeing to give to any servant of the Agency any gift or consideration of any kind as an inducement or reward:
 - i for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement; or
 - ii for showing or not showing favour or disfavour to any person in relation to this Agreement;
- (b) entering into this Agreement or any other agreement with the Agency relative to this Agreement in connection with which commission has been paid or has been agreed to be paid by the Grant Recipient or on its behalf, or to its knowledge, unless before the relevant agreement is entered into particulars of any such commission and of the terms and conditions of any such agreement for the payment thereof have been disclosed in writing to the Agency;
- (c) committing any offence:
 - i under Legislation creating offences in respect of fraudulent acts;
 - ii at common law in respect of fraudulent acts in relation to this Agreement; or
 - iii under the Bribery Act 2010; or
- (d) defrauding or attempting to defraud or conspiring to defraud the Agency or the Regulator;

Public Sector Subsidy means all funding or subsidy in relation to a Firm Scheme in money or money's worth (including the Firm Scheme Grant) received or receivable by the Grant Recipient from public sector bodies including for this purpose funding from the

European Commission, government bodies (whether national or local) or bodies in receipt of lottery funds from the National Lottery Distribution Fund pursuant to the National Lotteries Acts 1993 and 1998 and any further funding by the Agency not provided under this Agreement;

Purchase Point means the date upon which an Affordable Home Ownership Dwelling is sold to its first purchaser;

Quarter means the period between each Quarter Date;

Quarter Date means 31 March, 30 June, 30 September or 31 December;

RCGF means the Recycled Capital Grant Fund maintained by the Grant Recipient (where so permitted by the Agency) in accordance with the Recovery Determination and in accordance with the applicable terms of the Capital Funding Guide;

Reapplied Grant means such sum (if any) as is permitted by the Agency to be applied to the delivery of further AHP Dwellings pursuant to Condition 17.7.2

Recovery Determination means the Recovery of Capital Grants and Recycled Capital Grant Fund General Determination 2012;

Recovery Event means any of the following circumstances:

- (a) where FSG is claimed or paid in anticipation of an agreed Milestone being achieved and the Milestone is not achieved or is achieved later than agreed and the Agency has not agreed to the delay;
- (b) where the Agency discovers that the aggregate FSG paid to the Grant Recipient in respect of a Firm Scheme was greater than required for the delivery of that Firm Scheme;
- (c) where the Grant Recipient has failed to use the FSG for the purpose for which it was paid;
- (d) where the Grant Recipient has failed to comply with a condition attached to the making of the FSG and for the avoidance of doubt the terms of this Agreement represent the conditions attached to the making of the FSG;
- (e) where the Agency discovers that incorrect information has been supplied or errors made in connection with the calculation of the FSG payable or recoverable;
- (f) the de-registration of the Grant Recipient by the Regulator under Sections 118 or 119 of the HRA 2008;
- (g) a change of use of the Site or the Dwellings from that specified as their Agreed Purpose;
- (h) cessation of use of property or land funded by the FSG;
- (i) demolition of property funded by the FSG;

- (j) disposal of property funded by the FSG except:
 - i with the prior approval of the Agency to another Registered Provider (taking the property subject to liability for the FSG within it pursuant to Section 33 of the HRA 2008 (as applicable));
 - ii the sale of the first share of an Affordable Home Ownership Dwelling under a Shared Ownership Lease where such dwelling is/was specifically provided for sale on such terms;
 - iii the letting of an Affordable Rent Dwelling or a Social Rent Dwelling to a tenant on terms which comply with the Tenancy Standard;
- (k) a Disposal of a Site prior to Practical Completion of the Works; or
- (l) a Disposal of property or land funded by FSG that would give rise to a repayment of discount under Section 155 of the Housing Act 1985;

Recovery Notification means the written notification referred to in Condition 17.6 (*Repayment of Grant*);

Recovery Principles means the principles set out in Schedule 5 (*Recovery Principles*);

Register means the register maintained by the Regulator pursuant to Section 111 of the HRA 2008;

Registered Provider means a body entered on the Register as a non-profit organisation (as such term is defined in Section 115 of the HRA 2008);

Regulator means the Agency acting through the Regulation Committee established by it pursuant to Part 2 of the HRA 2008 or any similar future authority (including any statutory successor) carrying on substantially the same regulatory or supervisory functions;

Regulatory Body means any government departments or regulatory, statutory and other entities, committees and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate, investigate, or influence the matters dealt with in this Agreement or any other affairs of the Agency;

Regulatory Framework means the Regulatory Framework for Social Housing in England from April 2012 published by the Agency in March 2012 (including any associated guidance issued by the Agency) as amended or replaced from time to time;

Rehabilitated or **Rehabilitation** shall have the meaning ascribed to it in sub-section 3.3 (*Rehabilitation and Scheme Types*) of the section of the Capital Funding Guide entitled "General, procurement and scheme issues";

Relevant Authority means any governmental or other authority, court with relevant jurisdiction, the local planning authority, landlord, funder, adjoining landowner or any other person whose consent is required to undertake the Works necessary to the delivery of the Firm Scheme or perform the Grant Recipient's obligations under this Agreement;

Relevant Firm Scheme means a Firm Scheme in relation to which a Recovery Event occurs;

Rent Standard means any standard set by the Regulator (including any associated explanatory notes or guidance from time to time under the Section 194 HRA 2008 pursuant to any then applicable Direction);

Rent Standard Guidance means the document of that name published by the Regulator in March 2012 (including any other guidance issued by the Regulator in relation to that document) as such document and/or associated guidance may be amended, updated or replaced from time to time;

Request for Information/RFI shall have the meaning set out in FOIA or any request for information under EIR which may relate to the Indicative Schemes, the Firm Schemes, this Agreement or any activities or business of the Agency;

Review Meeting means a meeting held pursuant to Conditions 11.7 (*Review, Monitoring and Reporting*) and Condition 11.8 (*Review, Monitoring and Reporting*);

RIDDOR means Reporting of Injuries Diseases and Dangerous Occurrences Regulations 1995;

Scheme Default means in relation to any Firm Scheme the occurrence of any of the following:

- (a) the Grant Recipient is unable to make the representations and give the warranties set out in Part 2 of Schedule 3 (*Representations and Warranties*) (in any case in whole or in part) or is in breach of any representation or warranty set out in such Schedule and there is or is likely to be a resulting Material Adverse Effect in relation to that Firm Scheme;
- (b) the withdrawal or revocation of any Consent required to enable the Grant Recipient to deliver that Firm Scheme;
- (c) a breach of the Grant Recipient's obligations under any of Condition 9 (*Delivery Obligations*) or Condition 10 (*Operational Obligations*) in relation to that Firm Scheme;
- (d) a failure by the Grant Recipient to agree any adjustment proposed by the Agency to the Firm Scheme Grant pursuant to Condition 15 (*Adjustments to Second Tranche Grant*);
- (e) the Grant Recipient has breached or otherwise failed to comply with any term of this Agreement and such breach or failure has or will have a Material Adverse Effect in relation to the Firm Scheme;
- (f) a failure or inability by the Grant Recipient to comply with the requirements of Conditions 13.1 (*Grant Claim Procedures*) to 13.4 (*Grant Claim Procedures*)(as applicable);

- (g) the Start on Site Date is not attained and following discussions with the Grant Recipient the Agency (acting reasonably) considers that the Firm Scheme is unlikely to reach Practical Completion by 31 March 2018;
- (h) the Grant Recipient fails to deliver the Firm Scheme by 31 March 2018;
or
- (i) a failure by the parties to agree a revised Firm Scheme Grant figure pursuant to Condition 17.2.3(a) (*Repayment of Grant*);

Scheme Termination Event means this Agreement is terminated in relation to one or more particular Firm Schemes pursuant to Condition 18.1 (*Default Events and Termination*);

Scheme Withholding Event means in relation to any Firm Scheme the occurrence of any of a SW1 Event, SW2 Event or a SW3 Event;

Second Tranche Grant means subject to Condition 5.4 (*Firm Schemes*) such sum as is equivalent to fifty per centum (50%) of the Firm Scheme Grant;

Section 106 Agreement means an agreement in respect of and affecting any AHP Dwelling (or prospective AHP Dwelling) made pursuant to Section 106 of the Town and Country Planning Act 1990 and/or Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 and/or Section 38 and/or Section 278 of the Highways Act 1980 and/or Section 104 of the Water Industry Act 1991 or an agreement with any competent authority or body relating to other services;

Section 106 Scheme means a Firm Scheme where the development of AHP Housing is part of a larger non AHP Housing scheme and required pursuant to a Section 106 Agreement;

Secure Legal Interest means the Grant Recipient has in respect of the Site:

- (a) freehold title registered with title absolute;
- (b) leasehold title registered with title absolute where the lease has at least:
 - i 60 years unexpired duration; or
 - ii in the case of any Firm or Indicative Scheme comprising Affordable Home Ownership Dwellings 99 years unexpired duration from the projected Purchase Point;
- (c) freehold title registered with possessory title or leasehold title registered with good leasehold title (where the lease has at least 60 years unexpired duration) and in each case defective title indemnity insurance in favour of the Grant Recipient with a limit of indemnity to at least the Firm Scheme Grant for that Site; or
- (d) a binding contract with the owner of the legal and beneficial interest in the Site to secure one of the interests in limbs (a) to (c) and that securing that interest is conditional only upon the matters that are within the direct and unilateral control of the Grant Recipient;

Security means a mortgage charge pledge lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect (such as a sale or lease and leaseback a blocked account set off or similar arrangement);

SGEI Decision means the European Commission's Decision on Services of General Economic Interest dated 20 December 2011 (2012/21/EU);

SGEI Decision Overpayment means the extent to which Public Sector Subsidy (including Agreement Funding) exceeds the Decision Net Costs;

SGEI Information means such information about or relating to the Decision Allowable Costs, the Decision Revenue, the Decision Net Costs and such other information as the Agency may reasonably request;

SGEI Review means a review by the Agency of the provision of Agreement Funding to determine whether an SGEI Decision Overpayment has arisen in relation to any Firm Scheme;

Shared Ownership Lease means a shared ownership lease that meets:

- (a) the conditions (except conditions (d) and (g)) specified in or under Section 5A(2) of the Rent Act 1977; and
- (b) any applicable requirements of the Capital Funding Guide;

Site means the site identified to the Agency as being the area of land, buildings or dwelling-houses comprised or to be comprised in a Firm Scheme;

Social Rent means a rent calculated in accordance with the formula for calculating social rents set out in the Rent Standard Guidance;

Social Rent Dwelling means an AHP Dwelling let or to be let at a Social Rent;

Specified Default means the occurrence of any of the following:

- (a) a failure by the Grant Recipient to comply with its obligations in Condition 10.7 (Operational Obligations) or Condition 11 (*Review Monitoring and Reporting*) and/or any information supplied in connection with its obligations in Condition 11 (*Review Monitoring and Reporting*) (including that within the Officer's Certificate), is materially deficient, misleading or inaccurate;
- (b) the Grant Recipient is unable to make the representations and give the warranties set out in Part 2 of Schedule 3 (*Representations and Warranties*) (in any case in whole or in part) or is in breach of any representation or warranty set out in such Schedule) and there is or is likely to be a resulting Material Adverse Effect in relation to the Approved Bid;
- (c) a failure by the Grant Recipient to comply with any obligation to pay or repay the Agency any amount due under this Agreement; or

- (d) the Grant Recipient has breached or otherwise failed to comply with any term of this Agreement and such breach or failure has or will have a Material Adverse Effect in relation to the Approved Bid;

Start on Site Date means the date identified in IMS on which:

- (a) the Grant Recipient and Building Contractor have entered into the Building Contract;
- (b) the Building Contractor has taken possession of the Site; and
- (c) the Start on Site Works to the Site have commenced;

Start on Site Works means:

- (a) excavation for strip or trench foundations or for pad footings;
- (b) digging out and preparation of ground for raft foundations;
- (c) vibrofloatation, piling, boring for piles or pile driving;
- (d) drainage works specific for the buildings forming part of the Firm Scheme; or
- (e) such works of demolition or service diversion as are expressly and strictly contemplated in the section of the Capital Funding Guide entitled "Finance – Grant Claims and Payments";

State Aid means any aid granted by a Member State of the European Union or through the resources of such Member State which distorts or threatens to distort competition by favouring a particular undertaking, in so far as such aid affects trade between European Union Member States;

Statements means the Procurement Efficiencies Statement, the Construction Innovations Statement and the Employment and Skills Statement;

Subcontractor means any subcontractor appointed by the Grant Recipient to undertake all or part of the Works;

Submitted Standards means in respect of each Firm Scheme the standards referenced in the Firm Scheme Details in IMS;

Substitute Scheme has the meaning ascribed to it in Condition 8.1 (*Firm Scheme substitution and additions*);

Substitute Scheme Acceptance Date means the date upon which the Agency confirms acceptance of a Substitute Scheme pursuant to Condition 8.4 (*Firm Scheme substitution and additions*);

SW1 Event means a failure by the Grant Recipient to deliver the Firm Scheme in accordance with the Firm Scheme Details or to the Submitted Standards;

SW2 Event means the occurrence of any of the following:

- (a) the Grant Recipient is unable to give the confirmations or certifications required by IMS or to make the representations and give the warranties referred to in Condition 13.2 (*Grant Claim Procedures*) or Condition 13.4 (*Grant Claim Procedures*) (in any case in whole or in part); or
- (b) a material breach by the Grant Recipient of any obligation under this Agreement in relation to a Firm Scheme (other than those comprised within an SW1 Event or SW3 Event in relation to that Firm Scheme) and which:
 - i the Grant Recipient has not taken steps to remedy it to the Agency's satisfaction (acting reasonably); or
 - ii is incapable of remedy;
- (c) any Consent necessary to deliver the Firm Scheme is revoked or withdrawn;

SW3 Event means a failure by the Grant Recipient to deliver a Firm Scheme in accordance with the Firm Scheme Delivery Timetable (in circumstances where the Agency did not agree revised Milestone Dates in accordance with Condition 7 (*Time extensions*));

Tenancy Standard means the tenancy standard contained within the Regulatory Framework;

Term means the period of time from the date hereof until 31 March 2018 subject to earlier termination by the Agency of the entirety of this Agreement or any extension pursuant to Condition 7.1 (*Time extensions*);

Total Termination Event means this Agreement is terminated as a whole pursuant to Condition 18.3 (*Default Events and Termination*), Condition 18.5 (*Default Events and Termination*) or Condition 18.7 (*Default Events and Termination*);

Tranche means either of the First Tranche Grant or the Second Tranche Grant;

Transition Date means in relation to each Indicative Scheme the date by which such scheme is anticipated by the Grant Recipient to have achieved the status of a Firm Scheme pursuant to Condition 5.1 (*Firm Schemes*);

Transition Longstop Date means 31 May 2016 unless otherwise agreed by the Agency;

Transparency Obligations means the obligations set out in Condition 122 (*Transparency Obligations*);

Undeliverable Scheme means a Firm Scheme in respect of which there is a material risk of a Milestone Failure arising otherwise than as a result of the occurrence of a Milestone Extension Event;

Unlawful State Aid means State Aid which has been granted in contravention of Article 107(1) Treaty of the Functioning of the European Union and which does not qualify for an exemption pursuant to any of the provisions of the Treaty of the Functioning of the European Union or any of its subsidiary instruments or legislation;

VAT means Value Added Tax as presently charged under the Value Added Tax Act 1994 or any tax of a similar nature;

Waiver Condition means provision of satisfactory evidence by the Grant Recipient to the Agency that the relevant Prohibited Act was committed by:

- (a) an employee acting independently of the Grant Recipient;
- (b) a subcontractor of any tier (or any employee of a subcontractor not acting independently of the subcontractor);
- (c) an employee of a subcontractor of any tier acting independently of such subcontractor; or
- (d) any person not specified in parts (a), (b) or (c)

and the Agency is satisfied that the Grant Recipient and/or the subcontractor (as applicable) has taken such action as is appropriate taking in to account the nature and the circumstances of the relevant Prohibited Act. "Acting independently" for these purposes means not acting with the authority or knowledge of any one or more of the directors of the Grant Recipient or relevant subcontractor;

Withholding Event means a General Withholding Event or a Scheme Withholding Event;

Works means in relation to each Firm Scheme all of the works (including the Start on Site Works, the design, infrastructure works and all other works necessary for obtaining access to the AHP Dwellings) to be undertaken in order to ensure that the AHP Dwellings meet the Submitted Standards and are constructed, developed and/or Rehabilitated in accordance with the Firm Scheme Details.

1.2 Interpretation

1.2.1 Words denoting any gender include all other genders.

1.2.2 The singular includes the plural and vice versa.

1.2.3 Any reference in this Agreement to any condition, sub-condition, paragraph, schedule or section heading is, except where it is expressly stated to the contrary, a reference to such condition, sub-condition, paragraph, schedule or section heading of this Agreement.

1.2.4 Any reference to this Agreement or to any other document shall include (except where expressly stated otherwise) any variation, amendment or supplement to such document to the extent that such variation, amendment or supplement is not prohibited under the terms of this Agreement.

1.2.5 Any reference to any enactment, order, regulation, determination, guidance or similar instrument shall (except where expressly stated otherwise) be construed as a reference to the enactment, order, regulation, determination, guidance or instrument (including any EU instrument) as amended, replaced, consolidated or re-enacted.

- 1.2.6 A reference to a person includes firms, partnerships and corporate bodies and their successors and permitted assignees or transferees.
- 1.2.7 Headings are for convenience of reference only.
- 1.2.8 A party means a party to this Agreement.
- 1.2.9 The words includes or including are to be construed without limitation.
- 1.2.10 A document in the agreed form is to be the form of the relevant document agreed between the parties and for the purpose of identification initialled by each of them or on their behalf (in each case with such amendments as may be agreed by or on behalf of the parties) or in the form set out in a Schedule or an Appendix to this Agreement.
- 1.2.11 A paragraph in a Schedule shall be construed as reference to a paragraph in that particular Schedule.
- 1.2.12 A deliberate act or omission of any person shall exclude acts or omissions which were within the contemplation of the parties or which were otherwise provided for in this Agreement.
- 1.2.13 In any case where the consent or approval of the Agency (or any officer of the Agency) is required or a notice is to be given by the Agency, such consent or approval or notice shall only be validly given if it is in writing and signed by (if relevant) the officer stipulated in this Agreement or such other person as may be specified by the Agency by notice in writing to the Grant Recipient.
- 1.2.14 An obligation to do anything includes an obligation to procure its being done.
- 1.2.15 Any restriction includes an obligation not to permit infringement of the restriction.
- 1.2.16 The terms "Site" and "Firm Scheme" include each and every part of it.
- 1.2.17 When there are two or more persons affected by the obligations under this Agreement such obligations are to bind each such person jointly and severally.
- 1.2.18 Save where a contrary intention is shown, any reference to the Agency acting reasonably shall be interpreted as requiring the Agency to act in a commercially reasonable manner.
- 1.2.19 If there is any ambiguity or conflict between the implied terms and the express terms of this Agreement then the express terms shall prevail.
- 1.2.20 The Grant Recipient shall in relation to the delivery of its obligations under this Agreement be responsible as against the Agency for the acts or omissions of any Grant Recipient Party as if they were the acts or omissions of the Grant Recipient.
- 1.2.21 Neither the giving of any approval, consent, examination, acknowledgement, knowledge of the terms of any agreement or document nor the review of any document or course of action by or on behalf of the Agency shall, unless

otherwise expressly stated in this Agreement or agreed in writing by the Agency, relieve the Grant Recipient of any of its obligations under this Agreement or of any duty which it may have hereunder to ensure the correctness, accuracy or suitability of the matter or thing which is the subject of the approval, consent, examination, acknowledgement or knowledge nor confer impose or imply any liability or responsibility on or on behalf of the Agency in respect of or in connection with the matter to or in relation to which such approval consent examination acknowledgement was given or review made.

1.2.22 In the event of any conflict between the Firm Scheme Details summarised in Schedule 1 (*Approved Bid*) and the Firm Scheme Details set out in IMS (and accepted by the Agency through IMS) the Firm Scheme Details in IMS shall prevail.

1.2.23 The terms "Allocated Grant" and "Firm Scheme Grant" shall (unless the context precludes such interpretation) include every tranche thereof.

2 Purpose

2.1 The Agency has agreed to make the Allocated Grant available to the Grant Recipient to provide the AHP Dwellings subject to and in accordance with the terms and conditions of this Agreement.

2.2 Each party undertakes to co-operate with the other to facilitate the proper performance of this Agreement and the delivery of the Indicative Schemes and the Firm Schemes.

3 Acknowledgements, Representations and Warranties

3.1 Without prejudice to any other term of this Agreement, the Grant Recipient:

3.1.1 expressly acknowledges the Agreed Principles and agrees to observe them and to be bound by them;

3.1.2 represents and warrants in the terms set out in Part 2 of Schedule 3 (*Representations and Warranties*) to the Agency on the date hereof and on each day during the currency of this Agreement; and

3.1.3 acknowledges and agrees that the Agency is relying on such representations and warranties and that each of such warranties and representations shall be separate and independent and, save as expressly provided to the contrary, shall not be limited by reference to any of them or by any other provisions of this Agreement.

4 Indicative Schemes

4.1 The Grant Recipient confirms that such details of each Indicative Scheme comprised within the Original Approved Bid as the Agency requires, including in each case, a Transition Date, have been uploaded onto IMS by the date of this Agreement.

4.2 The Grant Recipient shall be entitled to submit further Indicative Schemes to the Agency after the date of this Agreement and where it wishes to do so, it must submit to the Agency

through IMS such details of such further Indicative Schemes as the Agency may require, including in each case a Transition Date.

4.3 The Agency shall be entitled to accept or reject the details submitted for any further Indicative Scheme. Where the Agency accepts a further Indicative Scheme into the Approved Bid pursuant to Condition 4.2 (*Indicative Schemes*), it shall confirm its acceptance to the Grant Recipient through IMS.

4.4 If an Indicative Scheme is accepted by the Agency in IMS, such scheme becomes subject to the terms of this Agreement from the date of that acceptance.

4.5 The Grant Recipient must use all reasonable endeavours to ensure that each Indicative Scheme:

4.5.1 is worked up so that it is capable of being brought forward as a Firm Scheme on or by the Transition Date (**Scheme Transition**); and

4.5.2 is uploaded onto IMS in accordance with the procedure and timescale set out in Condition 5.1 (*Firm Schemes*).

4.6 The Grant Recipient must notify the Agency in writing immediately upon becoming aware of any matter or circumstance which is likely to prejudice the Grant Recipient's ability to comply with its obligations under Condition 4.5 (*Indicative Schemes*).

4.7 On receipt of a notice under Condition 4.6 (*Indicative Schemes*) or on otherwise becoming aware of any likely delay to the relevant Scheme Transition the Agency (acting reasonably) shall be entitled either:

4.7.1 to extend the Transition Date by such period as it considers to be appropriate having regard to the circumstance giving rise to the anticipated delay; or

4.7.2 to withdraw the Indicative Allocation

and in determining which option to pursue the Agency shall be entitled to take into account such factors as it considers appropriate including:

(a) the proximity of the Transition Longstop Date to any extended Transition Date;

(b) the likely availability of Agency resources in relation to any delayed delivery of the prospective Firm Scheme resulting from any extension to the Transition Date; and

(c) the adequacy of the Grant Recipient's performance to date in respect of other Indicative Schemes and Firm Schemes.

4.8 The Grant Recipient shall be entitled to propose changes to any Indicative Scheme at any point prior to the date which is forty (40) Business Days before the relevant Transition Date. Any such changes must be communicated to the Agency in writing or by the Grant Recipient proposing changes to the Indicative Scheme Details through IMS. The Agency shall have a period of ten (10) Business Days (from the date of notification of the proposed changes) to consider the proposal and respond to the Grant Recipient. The Agency shall be entitled at its discretion to:

4.8.1 accept the proposed changes, in which case the Grant Recipient must ensure that the accepted changes are correctly logged in IMS. The changes shall be deemed to be effective from the point at which they are formally accepted by the Agency in IMS; or

4.8.2 reject the proposed changes, in which case the Grant Recipient shall (subject to Condition 4.10 (*Indicative Schemes*)) have a period of twenty (20) Business Days (from the point of notification of the Agency's rejection of the proposed changes) to notify the Agency as to whether it wishes to proceed with the Indicative Scheme on the basis originally submitted or to withdraw the Indicative Scheme from the Approved Bid.

4.9 If the Grant Recipient:

4.9.1 withdraws the Indicative Scheme from the Approved Bid; or

4.9.2 fails to notify the Agency within the period prescribed in Condition 4.8.2 (*Indicative Schemes*) as to which option it wishes to pursue

the Agency shall be entitled permanently to withdraw the Indicative Allocation and the Allocated Grant figure shall be reduced commensurately.

4.10 Notwithstanding any other term of this Agreement, all Indicative Schemes must (unless otherwise agreed) either have achieved Firm Scheme status or have been withdrawn from the Approved Bid by the Transition Longstop Date. If an Indicative Scheme has failed to achieve Firm Scheme status by such date the Agency shall be entitled permanently to withdraw the Indicative Allocation and the Allocated Grant figure shall be reduced commensurately.

5 Firm Schemes

5.1 The Grant Recipient must:

5.1.1 not less than five (5) Business Days prior to the projected Start on Site Date upload such details of each New Scheme (other than an Indicative Scheme) comprised within the Approved Bid as are required onto the Agency's IMS;

5.1.2 (subject to Conditions 4.5 (*Indicative Schemes*) to 4.7 (*Indicative Schemes*) (inclusive)) not less than five (5) Business Days prior to the relevant Transition Date, upload onto the Agency's IMS (or amend through IMS) such details of each Indicative Scheme as are required in order for the Agency to consider the conversion of such Indicative Scheme to a Firm Scheme for the delivery of AHP Housing

and where in either case the relevant scheme is accepted by the Agency through IMS, it will become a Firm Scheme for the purposes of this Agreement with effect from the Acceptance Date.

5.2 The Grant Recipient represents and warrants to the Agency in relation to each Firm Scheme that:

5.2.1 the Firm Scheme:

- (a) is in its opinion (acting reasonably) deliverable in accordance with the Firm Scheme Delivery Timetable and is consistent with the Submitted Standards; and
- (b) comprises no Public Sector Subsidy beyond that identified in the Firm Scheme Details;

5.2.2 the Grant Recipient:

- (a) possesses a Secure Legal Interest in the Site;
- (b) has obtained all Consents necessary for the lawful development and/or Rehabilitation of the Firm Scheme to the Submitted Standards and for the delivery of the Firm Scheme in accordance with the Firm Scheme Details as are then required; and
- (c) has complied with all applicable requirements of the Capital Funding Guide in relation to the Firm Scheme.

5.3 The Agency has no obligation to make any payment of grant to the Grant Recipient in relation to anything other than a Firm Scheme.

5.4 The Agency may at its absolute discretion vary the percentages attributed to First Tranche Grant and Second Tranche Grant from time to time save that no such variation will take effect in relation to any Firm Scheme which has been confirmed as such by the Agency in IMS and in relation to which the First Tranche Grant has been paid.

5.5 Under no circumstances shall the Agency be obliged to accept any Firm Scheme if the Agency (acting reasonably) believes that it does not, will not or is unlikely to have sufficient financial resources available to it (taking account inter alia of its commitments under the AHP 2015/18 or other programme commitments) to provide Firm Scheme Grant in relation to the relevant scheme.

6 **Changes to Firm Schemes**

6.1 The Grant Recipient may propose changes to any Firm Scheme at any time prior to the Firm Scheme Completion Date. Any such changes must be proposed via IMS.

6.2 Where a Pre-Start Change is proposed, the Agency will be entitled to accept or reject such change or to accept it subject to adjustment by the Agency.

6.3 If the Agency:

6.3.1 accepts the Pre-Start Change in principle, it shall be entitled to recalculate the Firm Scheme Grant allocated to the Firm Scheme by reference to the proposed change. Where the result of that recalculation is a lower Firm Scheme Grant figure than that set out in the Firm Scheme Details, the Agency will notify the Grant Recipient and the Grant Recipient will have twenty (20) Business Days from the date of receipt of the Agency's notification to advise the Agency as to whether it wishes to withdraw the Firm Scheme from this Agreement or proceed with it on the basis of the recalculated Firm Scheme Grant figure or to withdraw the proposed Pre-Start Change. If:

- (a) the Firm Scheme is withdrawn by the Grant Recipient, the Agency will withdraw the Firm Scheme Grant allocated to such scheme and the Allocated Grant figure will be reduced commensurately;
- (b) the proposed Pre-Start Change is withdrawn by the Grant Recipient, the Grant Recipient shall reinstate in IMS the Firm Scheme Details ante the date of the Pre-Start Change and, following the Agency's approval of such reinstated details in IMS, the Firm Scheme shall proceed on the basis of those reinstated Firm Scheme Details;
- (c) the Grant Recipient wishes to proceed with the Firm Scheme, it must immediately amend the Firm Scheme Details in IMS to reflect both the Pre-Start Change and the recalculated Firm Scheme Grant figure. The amended Firm Scheme Details will be deemed to be effective from the date of their acceptance by the Agency (through IMS); and if
- (d) a Notification Failure occurs, the Agency shall be entitled (but not obliged) to treat such failure as a decision by the Grant Recipient to withdraw the Firm Scheme from this Agreement.

6.3.2 accepts the Pre-Start Change (including any change to the Firm Scheme Grant figure) as proposed by the Grant Recipient, it will accept the change through IMS and the relevant Firm Scheme Details will be deemed to have been amended with effect from the date of such acceptance;

6.3.3 rejects the Pre-Start Change, the Agency will notify the Grant Recipient and the Grant Recipient will have twenty (20) Business Days from the date of the Agency's notification to advise the Agency as to whether it wishes to proceed with the Firm Scheme on the original basis or to withdraw it. If:

- (a) the Firm Scheme is withdrawn by the Grant Recipient, the Agency will permanently withdraw the Firm Scheme Grant allocated to such scheme and the Allocated Grant figure will be reduced commensurately;
- (b) a Notification Failure occurs, the Agency shall be entitled (but not obliged) to treat such failure as a decision by the Grant Recipient to withdraw the Firm Scheme from this Agreement

6.4 Where a Post-Start Change is proposed, the Agency will be entitled to accept or reject such change or to accept it subject to adjustment by the Agency.

6.5 If the Agency:

6.5.1 accepts the Post-Start Change in principle, it shall be entitled to recalculate the Firm Scheme Grant allocated to the Firm Scheme by reference to the proposed change. Where the result of that recalculation is a lower Firm Scheme Grant figure than that set out in the Firm Scheme Details, the Agency will notify the Grant Recipient and the Grant Recipient will have twenty (20) Business Days from the date of receipt of the Agency's notification to advise the Agency as to whether it wishes to withdraw the Firm Scheme from this Agreement, proceed with the Firm Scheme on the basis of the recalculated Firm Scheme Grant figure or to retract the Post-Start Change. If:

- (a) the Grant Recipient wishes to withdraw the Firm Scheme, the Agency will permanently withdraw the balance of the Firm Scheme Grant allocated to such scheme and the Grant Recipient must repay the Agency a sum equivalent to the First Tranche Grant received by it, such repayment to be made within fifteen (15) Business Days of receipt of the Agency's written demand for the same;
- (b) the Grant Recipient wishes to proceed with the Firm Scheme, it must immediately amend the Firm Scheme Details in IMS to reflect both the Post-Start Change and the recalculated Firm Scheme Grant figure and the amended Firm Scheme Details will be deemed to be effective from the date of their acceptance by the Agency (through IMS). The Second Tranche Grant figure will be adjusted downwards to take account of the recalculated Firm Scheme Grant figure. If such adjustment would result in the Second Tranche Grant being a negative amount, the Grant Recipient must pay the Agency the Deficit Sum within fifteen (15) Business Days of receipt of the Agency's written demand for the same;
- (c) the Grant Recipient wishes to retract the Post-Start Change, it must do so immediately via IMS and the Firm Scheme will proceed as contemplated ante the Grant Recipient's submission of the Post-Start Change;
- (d) a Notification Failure occurs, the Agency shall be entitled (but not obliged) to treat such failure as a decision by the Grant Recipient to withdraw the Firm Scheme from this Agreement.

6.5.2 accepts the Post-Start Change (including any change to the Firm Scheme Grant figure) as proposed by the Grant Recipient, it will accept the change through IMS and the relevant Firm Scheme Details will be deemed to have been amended with effect from the date of such acceptance;

6.5.3 rejects the Post-Start Change, the Agency will notify the Grant Recipient and the Grant Recipient will have twenty (20) Business Days from the date of the Agency's notification to advise the Agency as to whether it wishes to proceed with the Firm Scheme on the original basis or to withdraw it. If:

- (a) the Grant Recipient wishes to withdraw the Firm Scheme, the Agency will permanently withdraw the balance of the Firm Scheme Grant allocated to such scheme and the Grant Recipient must repay the Agency a sum equivalent to the First Tranche Grant received by it, such repayment to be made within fifteen (15) Business Days of receipt of the Agency's written demand for the same;
- (b) a Notification Failure occurs, the Agency shall be entitled (but not obliged) to treat such failure as a decision by the Grant Recipient to withdraw the Firm Scheme from this Agreement.

6.6 The Agency will not be obliged to pay any Tranche to the Grant Recipient in relation to any Firm Scheme unless any changes required to the Firm Scheme Details by Condition 6.3 or Condition 6.5 (*Changes to Firm Schemes*) have been made and have been accepted by the Agency in IMS.

6.7 The Agency will take reasonable steps to contact the Grant Recipient during the period specified in each of Conditions 6.3.1 (*Changes to Firm Schemes*), 6.3.3 (*Changes to Firm Schemes*), 6.5.1 (*Changes to Firm Schemes*) and 6.5.3 (*Changes to Firm Schemes*) to remind the Grant Recipient of the need for the appropriate notification, but any failure on the Agency's part to do so will not preclude the Agency from treating a Firm Scheme as withdrawn where there has been a Notification Failure under any of those Conditions.

6.8 Under no circumstances will the Agency be required to accept any Pre-Start Change or Post-Start Change which would have the result of increasing the amount of the Allocated Grant or the Firm Scheme Grant in relation to the relevant Firm Scheme.

7 **Time extensions**

7.1 Where a Milestone Failure occurs or is in the opinion of the Agency reasonably likely to occur (having regard to the information pursuant to Condition 10.3 (*Operational Obligations*) or Condition 11 (*Review, Monitoring and Reporting*)) and such failure is directly caused by a Milestone Extension Event, the Agency shall, subject always to Condition 7.3 (*Time extensions*), extend the relevant Milestone Date and associated Firm Scheme Completion Date by such period as it (acting reasonably) considers appropriate to take account of the delay caused or likely to be caused by the Milestone Extension Event.

7.2 The Agency shall not be obliged to extend a Milestone Date where such extension would (when taken individually or together with other extensions in relation to the Grant Recipient) in the Agency's reasonable opinion materially and adversely affect the delivery of the Approved Bid or (when taken individually or together with other extensions in relation to the Grant Recipient or other grant recipients of the AHP 2015/18) materially and adversely affect the Agency's projected expenditure profile in relation to any year of the AHP 2015/18 and in particular (but without limitation) such expenditure profile in relation to the last quarter of the relevant Financial Year.

7.3 The Agency shall not under any circumstances be required or obliged to extend a Firm Scheme Completion Date beyond 31 March 2018, but may at its sole discretion elect to do so.

8 **Firm Scheme substitution and additions**

8.1 The Grant Recipient may, where he considers (acting reasonably) that a Firm Scheme constitutes an Undeliverable Scheme, request the Agency to accept the substitution of a different scheme (a **Substitute Scheme**) in place of the Undeliverable Scheme.

8.2 If the Grant Recipient wishes to submit a Substitute Scheme, it must submit to the Agency through IMS such details of the relevant Substitute Scheme as the Agency may require. In submitting the details of the Substitute Scheme, the Grant Recipient is deemed to make and give the same representations and warranties in relation to the Substitute Scheme as it gives pursuant to Condition 5.2 (*Firm Schemes*) in relation to a Firm Scheme.

8.3 The Agency shall consider the submitted details and if the Agency is satisfied (a) with the information provided, (b) the level of grant funding requested and (c) that:

8.3.1 the Substitute Scheme offers value for money;

- 8.3.2 the Substitute Scheme is consistent with the Approved Bid (including the scheme cost information and information in relation to the level of the Grant Recipient's contribution);
- 8.3.3 the Grant Recipient's performance in respect of other Firm Schemes has satisfied the terms of this Agreement;
- 8.3.4 the Substitute Scheme can be fully delivered by 31 March 2018 (or such earlier date as is set out in IMS);
- 8.3.5 no Bid Default, Fundamental Default nor Specified Default subsists;
- 8.3.6 the Submitted Standards submitted in respect of such scheme by the Grant Recipient are satisfactory; and
- 8.3.7 the Substitute Scheme has received the support of the Local Housing Authority (which it acknowledges will be verified by the Agency with the Local Housing Authority)

the Agency shall be entitled (but not obliged) to accept the Substitute Scheme as a Firm Scheme.

8.4 Where the Agency accepts a Substitute Scheme into the Approved Bid pursuant to Condition 8.3 (*Firm Scheme substitution and additions*) it will confirm its acceptance of such scheme to the Grant Recipient through IMS.

8.5 With effect from the Substitute Scheme Acceptance Date:

8.5.1 the Substitute Scheme shall constitute a Firm Scheme and shall be immediately subject to the whole terms and conditions of this Agreement; and

8.5.2 the details set out by the Grant Recipient in respect of the Substitute Scheme in IMS and as confirmed by the Agency through IMS shall be deemed to be Firm Scheme Details for the purposes of this Agreement.

8.6 It is agreed by the parties that any Firm Scheme Grant received by the Grant Recipient in relation to the Undeliverable Scheme shall be deemed to have been received by the Grant Recipient in relation to the Substitute Scheme.

8.7 The parties shall be entitled from time to time to agree to add Additional Schemes to those comprised within the Original Approved Bid.

8.8 Where Condition 8.7 (*Firm Scheme substitution and additions*) applies, the Grant Recipient shall submit to the Agency through IMS such details of the proposed Additional Scheme as the Agency may require. In submitting such details, the Grant Recipient makes the same representations and warranties in relation to the proposed Additional Scheme as it makes to the Agency pursuant to Condition 5.2 (*Firm Schemes*).

8.9 The Agency shall consider the Additional Scheme and if the Agency is satisfied that:

8.9.1 the Additional Scheme offers value for money;

- 8.9.2 the Grant Recipient's performance in respect of other Firm Schemes comprised within the Approved Bid has been of an acceptable standard and has satisfied the terms of this Agreement;
- 8.9.3 the Additional Scheme can be fully delivered by 31 March 2018 (or such other date as is set out and agreed by the Agency in and through IMS);
- 8.9.4 no Bid Default, Fundamental Default nor Specified Default subsists;
- 8.9.5 the Submitted Standards submitted in respect of such scheme by the Grant Recipient are satisfactory; and
- 8.9.6 the Additional Scheme has received the support of the Local Housing Authority (which it acknowledges will be verified by the Agency with the Local Housing Authority)

the Agency shall be entitled (but not obliged) to accept the Additional Scheme into the Approved Bid.

8.10 Where the Agency accepts an Additional Scheme into the Approved Bid pursuant to Condition 8.9 (*Firm Scheme substitutions and additions*) it shall confirm such acceptance to the Grant Recipient through IMS.

8.11 With effect from the Additional Scheme Acceptance Date:

- 8.11.1 the Additional Scheme shall be deemed to be a Firm Scheme for the purposes of this Agreement and immediately subject to its whole terms and conditions;
- 8.11.2 the details set out by the Grant Recipient in respect of the Additional Scheme in IMS and as confirmed by the Agency through IMS shall be deemed to be Firm Scheme Details for the purposes of this Agreement; and
- 8.11.3 the Grant Recipient must ensure that it complies with all of its obligations under this Agreement as they apply to such new Firm Scheme.

8.12 If the Agency agrees to make available any grant funding in relation to a Substitute Scheme or Additional Scheme, the Allocated Grant will (subject to Condition 8.6 (*Firm Scheme substitution and additions*)) be deemed to be increased or decreased (as appropriate) by the Firm Scheme Grant agreed by the Agency in IMS in relation to the relevant Firm Scheme.

9 **Delivery Obligations**

9.1 The Grant Recipient must in relation to each Firm Scheme:

- 9.1.1 carry out the acquisition of the Site, procure and diligently pursue the completion of the Works so that:
 - (a) the Firm Scheme is (subject to Condition 7.1 (*Time extensions*)) constructed, delivered and/or Rehabilitated (as applicable) in accordance with the Firm Scheme Delivery Timetable;

- (b) when delivered, the Firm Scheme fully complies with the Firm Scheme Details and meets the Submitted Standards; and
- (c) any applicable requirements of the EU Procurement Regime are satisfied.

9.1.2 actively market the AHP Dwellings with a view to ensuring (as far as practicable) the disposal or letting of such dwellings to individuals as AHP Housing at Practical Completion (or as soon as reasonably possible thereafter).

10 **Operational Obligations**

10.1 In delivering the Firm Scheme and in operating and administering the Firm Scheme after Practical Completion, the Grant Recipient must:

- 10.1.1 observe and comply with the Legislation, the applicable terms of the Capital Funding Guide and (subject to condition 17.12) the Recovery Determination;
- 10.1.2 use its reasonable endeavours to deliver the commitments and/or proposals outlined in the Statements.

10.2 The Grant Recipient shall procure that the Agency's Representative (or any person nominated by him) shall have at all reasonable times and upon giving reasonable notice the right to enter onto the Site and to take such action as he considers appropriate to inspect the progress of the Firm Scheme and to monitor compliance by the Grant Recipient with its obligations under this Agreement.

10.3 The Grant Recipient must notify the Agency in writing (save in respect of Condition 10.3.1 (*Operational obligations*)), where notification is required to be given through IMS):

- 10.3.1 immediately once the Start on Site Date has occurred;
- 10.3.2 immediately, in the event of the receipt by it of any other Public Sector Subsidy or guarantees of it, or the offer of same, in respect of the Firm Scheme (or any part of it) beyond any amount of Public Sector Subsidy notified to the Agency by the Grant Recipient pursuant to Condition 5.1 (*Firm Schemes*), Condition 8.2 (*Firm Scheme substitution and additions*) or Condition 8.8 (*Firm Scheme substitution and additions*);
- 10.3.3 immediately upon becoming aware of any event or circumstance which may have a Material Adverse Effect;
- 10.3.4 of any other event or circumstance in relation the Firm Scheme as the Agency may reasonably require from time to time and within such timeframes as the Agency may reasonably require.

10.4 Without prejudice to Condition 10.1 (*Operational Obligations*), the Grant Recipient must in operating and administering the Firm Scheme after Practical Completion:

- 10.4.1 not use the AHP Dwellings for any purpose other than the Agreed Purposes without the Agency's prior written consent;

- 10.4.2 not charge a higher initial rent in relation to a Social Rent Dwelling or Affordable Rent Dwelling than set out in the relevant Firm Scheme Details;
 - 10.4.3 comply with the Regulator's Tenancy Standard and the Rent Standard in respect of the Social Rent Dwellings and the Affordable Rent Dwellings;
 - 10.4.4 observe and comply with the requirements of the Capital Funding Guide in relation to:
 - (a) any disposal of the Affordable Home Ownership Dwellings and ensure that such disposal takes effect only at arm's length and on market terms;
 - (b) the form and content of any Shared Ownership Lease granted by or to be granted by the Grant Recipient in relation to an AHP Dwelling; and
 - (c) the letting, management or disposal of Social Rent Dwellings and/or the Affordable Rent Dwellings;
 - (d) the nature of the housing and/or housing product (as described in the Capital Funding Guide) being funded pursuant to this Agreement.
 - 10.4.5 comply with the Agency's requirements in relation to Compliance Audit;
 - 10.4.6 in relation to AHP Housing, participate in the CORE system from time to time (including recording any lettings made together with any sales of stock including outright sales and shared ownership sales but excluding any sales of additional equity to the current shared owner) and complete the "Initial Sales" data screens on IMS promptly following the sale of any Affordable Home Ownership Dwelling;
 - 10.4.7 in relation to each Social Rent Dwelling and Affordable Rent Dwelling use the most appropriate form of tenancy having regard to the terms of the Tenancy Standard and the efficient use of public funds;
 - 10.4.8 save where the Agency agrees otherwise, procure on any Disposal a written acknowledgement from the disponent in favour of the Agency that the amount of Firm Scheme Grant allocated to the property comprised in the Disposal pursuant to this Agreement in social housing assistance received by it for the purposes of Section 33(7) of the HRA 2008;
 - 10.4.9 provide written notification to the Agency of any Disposal within ten (10) Business Days of such Disposal taking place; and
 - 10.4.10 provide the Agency with such information (and within such timescales) as the Agency may reasonably require to enable the Agency to monitor compliance by the Grant Recipient with its obligations under this Agreement.
- 10.5 The Grant Recipient shall ensure that the Agency's requirements from time to time in relation to public relations and publicity for capital projects (including site signage) as notified to the Grant Recipient from time to time or otherwise as included in the Capital Funding Guide are observed and implemented in respect of each Firm Scheme.

- 10.6 The Grant Recipient shall:
- 10.6.1 use its reasonable endeavours to complete the Permitted Conversions in accordance with the timescale projected for such Permitted Conversions in the Approved Bid; and
 - 10.6.2 not convert more dwellings let at a Social Rent within its housing stock to Affordable Rent beyond the number required to create the Conversion Capacity; and
 - 10.6.3 not dispose of more dwellings let at a Social Rent within its housing stock on Affordable Home Ownership or market sale terms than are required to create the Conversion Capacity **save that** nothing in this Condition 10.6.3 (*Operational Obligations*) is intended to preclude the Grant Recipient from making such other Disposals from its stock as:
 - (a) are consistent with its corporate asset management strategies from time to time; and
 - (b) are consented to by the Regulator .
- 10.7 In discharging its obligations under this Agreement, the Grant Recipient must act at all times with the utmost good faith, with the intent to deliver the Approved Bid and with proper regard to the need for efficiency in the use of public funds.
- 10.8 The Grant Recipient must:
- 10.8.1 comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010 (**Requirements**);
 - 10.8.2 not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;
 - 10.8.3 comply with the Agency's ethical, anti-bribery and anti-corruption policies, a copy of which is available here: <http://www.homesandcommunities.co.uk/ethical-policies>, in each case as the Agency or the relevant industry body may update from time to time (**Relevant Policies**);
 - 10.8.4 have and maintain in place throughout the term of this Agreement its own policies and procedures, including but not limited to adequate procedures under the Bribery Act 2010, to ensure compliance with the Requirements, the Relevant Policies and Condition 10.8.2 (*Operational Obligations*), and will enforce them where appropriate; and
 - 10.8.5 immediately report to the Agency's Head of Risk and Assurance Services from time to time (or any person holding a successor post) any request or demand for any undue financial or other advantage of any kind received by the Grant Recipient in connection with the performance of this Agreement.

10.9 Where the Grant Recipient is aware that it is in breach of an obligation under this Condition 10 (*Operational Obligations*) it must promptly notify the Agency of the fact and take all such steps as are appropriate in the circumstances to remedy the breach.

11 **Review, Monitoring and Reporting**

11.1 The Grant Recipient shall comply fully with the contract management and reporting obligations set out in this Condition 11 (*Review, Monitoring and Reporting*).

11.2 The Grant Recipient acknowledges the high importance to the Agency of it being advised when any circumstance occurs which may:

11.2.1 impact on the Grant Recipient's ability to deliver any Firm Scheme in accordance with the terms of this Agreement;

11.2.2 change any assumptions in relation to the Approved Bid or any Firm Scheme which would provide an opportunity for the Grant Recipient to deliver more AHP Dwellings with the Allocated Grant;

11.2.3 indicates that the Agency is making available more grant than is required to deliver the Approved Bid or a Firm Scheme; or

11.2.4 without prejudice to the circumstances specified in Conditions 11.2.1 (*Review, Monitoring and Reporting*) to 11.2.43 (*Review, Monitoring and Reporting*) (inclusive), indicate that the Grant Recipient will need to make more or fewer Permitted Conversions.

(collectively the **Contract Monitoring Outputs**).

11.3 Where the Agency becomes aware either via the Contract Monitoring Outputs or through other monitoring, that the Approved Bid has not been complied with or is unlikely to be complied with, the Agency may in order to address such compliance failure issue an Allocation Change Notice requiring:

11.3.1 a reduction, increase or other change to the number of AHP Dwellings to be delivered or to the Conversion Capacity; and/or

11.3.2 a reduction or other adjustment to the Allocated Grant or to any Firm Scheme Grant; and/or

11.3.3 any other change to the Approved Bid the Agency deems reasonably necessary;

and such Allocation Change Notice shall be discussed as soon as reasonably practicable by the parties and in any event within 15 Business Days of the date of issue of the Allocation Change Notice.

11.4 Nothing in Condition 11.3 (*Review, Monitoring and Reporting*) shall preclude the parties from agreeing an alternative means of dealing with the failure to comply with the Approved Bid to that set out in the Allocation Change Notice **save that** unless such alternative is agreed and reflected in IMS by the end of the then current Financial Year, the change required by the Agency in the Allocation Change Notice shall take effect on the next

following 1 April and the Agency shall be entitled to make all such changes to IMS as are necessary to reflect the contents of the Allocation Change Notice.

- 11.5 The Grant Recipient shall with effect from and including the first Quarter Date after the date of this Agreement submit a signed and dated Officer's Certificate to the Agency within five (5) Business Days of each Quarter Date together with such other information as may have been requested on reasonable notice by the Agency.
- 11.6 The Officer's Certificate shall be signed by the Grant Recipient's Representative or, where agreed in advance by the Agency, another specified member of the Grant Recipient's executive management team.
- 11.7 Within ten (10) Business Days of receipt of the Officer's Certificate and the information required pursuant to Condition 11.5 (*Review, Monitoring and Reporting*) and Condition 11.12 (*Review, Monitoring and Reporting*) (or within such longer period as the Agency may at its absolute discretion agree), the Agency and the Grant Recipient shall meet during the Term to discuss or review (without limitation):
- 11.7.1 the Grant Recipient's performance in delivering the Approved Bid (including the conversion of Indicative Schemes into Firm Schemes);
 - 11.7.2 progress in relation to each Indicative Scheme and Firm Scheme including delivery forecasts, lettings and sales forecasts and progress against previous such forecasts;
 - 11.7.3 the Contract Monitoring Outputs;
 - 11.7.4 the position on agreeing nomination arrangements in respect of Affordable Rent Dwellings, Affordable Home Ownership Dwellings and Social Rent Dwellings with relevant Local Housing Authorities;
 - 11.7.5 any Pre-Start Changes or Post Start-Changes made during the immediately preceding Quarter or anticipated by the Grant Recipient to be requested during the current Quarter; and
 - 11.7.6 such other matters in relation to the performance or subject matter of this Agreement as are notified by either party to the other in writing at least five (5) Business Days prior to the date of the Review Meeting.
- 11.8 The Agency or the Grant Recipient may also call a Review Meeting at any time outside of the quarterly cycle provided that the party requesting the meeting:
- 11.8.1 gives reasonable prior written notice to the other of such meeting; and
 - 11.8.2 includes with that notice an agenda for such meeting.
- 11.9 At the Annual Review Meeting in addition to the matters to be addressed at each Review Meeting (as specified in Condition 11.7 (*Review, Monitoring and Reporting*)), the parties shall also review:
- 11.9.1 all changes made to any Firm Scheme or to the Approved Bid in the previous Financial Year;

- 11.9.2 all withdrawals of Indicative Schemes during the immediately preceding year;
- 11.9.3 the Grant Recipient's performance against the Statements.
- 11.10 The Agency's Representative and the Grant Recipient's Representative (or, where agreed with the Agency in advance, such other member of the Grant Recipient's executive management team) shall attend all Review Meetings. The parties agree that the Regulator shall also be entitled to send a representative to attend such meetings.
- 11.11 Save as otherwise agreed between the parties, any meeting under this Condition 11 (*Review, Monitoring and Reporting*) shall be minuted by the Grant Recipient and such minutes shall be distributed within ten (10) Business Days following the meeting to the Agency and any other attendee.
- 11.12 The Grant Recipient shall:
- 11.12.1 provide the Agency with such information as the Agency shall reasonably require to support or facilitate the discussions referred to in this Condition 11 (*Review, Monitoring and Reporting*); and
- 11.12.2 take all reasonable steps to ensure that any information provided to the Agency pursuant to this Condition 11 (*Review, Monitoring and Reporting*) is accurate in all material aspects.
- 11.13 The Grant Recipient shall, as and when requested by the Agency (as required in connection with this Agreement, the Approved Bid or any Indicative Scheme or Firm Scheme) promptly provide to the Agency hard and/or electronic copies of:
- 11.13.1 any and all data, materials, documents and accounts of any nature created, acquired or brought into existence in any manner whatsoever by or on behalf of the Grant Recipient (including where the source was created by and/or is held by a Grant Recipient Party (or its consultants)) for the purposes of or in connection with this Agreement; and
- 11.13.2 the elemental breakdown of the construction costs in relation to each Firm Scheme.
- 11.14 On the expiry of this Agreement or (if earlier) upon its termination, the Grant Recipient shall if requested to do so deliver up to the Agency or procure the delivery to the Agency of all the data, materials, documents and accounts referred to in this Condition 11 (*Review, Monitoring and Reporting*).
- 11.15 The Grant Recipient must for a period of ten (10) years from the date upon which it receives the Firm Scheme Grant retain all of the data, documents, materials and accounts referred to in this Condition 11 (*Review, Monitoring and Reporting*) and the Grant Recipient may retain such data, documents, materials and accounts in electronic form only.
- 11.16 The Grant Recipient agrees that the Agency's auditors (including the Comptroller and Auditor General) shall have unrestricted rights of access to any and all information to which the Agency is entitled under this Agreement or to which the Agency's auditors are

entitled pursuant to the National Audit Act 1983 and the Government Resources and Accounts Act 2000 or otherwise.

11.17 The Grant Recipient shall promptly and fully co-operate with any request for information or evidence from time to time of:

11.17.1 any auditor (whether internal or external) of the Agency; and/or

11.17.2 the Agency, to the extent such request relates to this Agreement (or any matter associated with it), or to SGEI Information and which the Agency is required to provide to any third party pursuant to Legislation or by any Competent Authority.

11.18 The Grant Recipient shall ensure that for each Firm Scheme it and each Grant Recipient Affiliate keeps on an Open Book Basis (in accordance with generally accepted accounting practice) separate books of account for items relating to the AHP Housing which identify items of Decision Revenue, the Firm Scheme Grant and Decision Allowable Costs and such other items required under this Condition 11 (*Review, Monitoring and Reporting*).

11.19 The Grant Recipient shall upon the Agency's written request:

11.19.1 make available upon reasonable notice for the Agency's inspection (and that of any person referred to in this Condition 11 (*Review, Monitoring and Reporting*) or in Condition 19 (*Information and Confidentiality*) or any person appointed pursuant to Condition 25 (*Dispute Resolution*) the books of account referred to in Condition 11.18 (*Review, Monitoring and Reporting*) (together with, if specified, such supporting correspondence, agreements, orders, invoices, receipts and other documents) and shall submit a report in relation to the same to the Agency as and when requested to do so; and

11.19.2 procure that a representative of the Agency (or any of its auditors or advisors) may on reasonable notice visit any place where any records or information of the type described in this Condition 11 (*Review, Monitoring and Reporting*) are held or maintained and examine such records or information.

11.20 The Grant Recipient shall ensure that it and any Grant Recipient Affiliate (at its or their cost) co-operates with the Agency during an SGEI Review and it shall if requested promptly provide the Agency with SGEI Information and such other information, evidence and/or explanation as the Agency may reasonably require.

12 **Transparency Obligations**

12.1 The Grant Recipient acknowledges that:

12.1.1 where the Allocated Grant (itself or if aggregated with other AHP 2015/18 Funds or funds made available under (i) any subsequent Agency capital funding programme or (ii) any Previous Programme) exceeds £3,000,000 (three million pounds) the Grant Recipient must publish details quarterly of all expenditure in excess of £500 (five hundred pounds) incurred by it in delivering Firm Schemes by such means as ensures that such details can be accessed by the general public; and

- 12.1.2 except for any information which is exempt from disclosure in accordance with the FOIA, and notwithstanding any other term of this Agreement, the Grant Recipient hereby consents for the Agency to publish such information as it considers appropriate in relation to the AHP 2015/18, including, but not limited to, details of the Approved Bid, Development Costs, other costs and funding for Firm Schemes, including from time to time agreed changes to this information.
- 12.2 The Agency shall be responsible for determining in its absolute discretion whether any of the content of this Agreement is exempt from disclosure in accordance with the provisions of the FOIA either:
- 12.2.1 following consultation with the Grant Recipient and having taken (or not taken, as the case may be) its views into account; or
- 12.2.2 without consulting the Grant Recipient.
- 12.3 The Grant Recipient shall assist and cooperate with the Agency to enable the Agency to publish the information referred to in Condition 12.1.2 (*Transparency Obligations*).
- 13 **Grant Claim Procedures**
- 13.1 Subject to a Firm Scheme having reached the Start on Site Date, the Grant Recipient may apply to the Agency for the First Tranche Grant payable in respect of that Firm Scheme to be paid to it. The Grant Recipient must make its application through IMS and in accordance with the requirements of IMS from time to time and in compliance with the applicable procedures relating to grant claims and payments set out in the Capital Funding Guide.
- 13.2 In submitting an application pursuant to Condition 13.1 (*Grant Claim Procedures*) the Grant Recipient is deemed to:
- 13.2.1 repeat the representations and warranties set out in Condition 5.2 (*Firm Schemes*);
- 13.2.2 represent and warrant to the Agency that the Start on Site Date has been reached and that such date is no later than that submitted in IMS;
- 13.2.3 represent and warrant to the Agency that all confirmations and certifications made or to be made by the Grant Recipient in IMS in relation to the Firm Scheme have been, are or will be correct in all material respects;
- 13.2.4 represent and warrant to the Agency that the Grant Recipient is a Registered Provider and retains its status as an Investment Partner; and
- 13.2.5 represent and warrants to the Agency that no Withholding Event has occurred or arisen.
- 13.3 Subject to a Firm Scheme having reached Practical Completion by the Firm Scheme Completion Date, the Grant Recipient may apply to the Agency for the Second Tranche Grant payable in respect of that Firm Scheme to be paid to it. The Grant Recipient must make its application through IMS and in accordance with the requirements of IMS from time to time.

- 13.4 In submitting an application pursuant to Condition 13.3 (*Grant Claim Procedures*) the Grant Recipient is deemed to represent and warrant to the Agency that:
- 13.4.1 the Firm Scheme has been procured, designed, constructed and delivered in accordance with the requirements of this Agreement;
 - 13.4.2 the Firm Scheme has reached Practical Completion;
 - 13.4.3 all confirmations and certifications made or to be made by the Grant Recipient in IMS in relation to the Firm Scheme have been are or will be correct in all material respects;
 - 13.4.4 the Grant Recipient is a Registered Provider and retains its status as an Investment Partner;
 - 13.4.5 it has obtained all Consents necessary for the lawful development of the Firm Scheme in accordance with the Firm Scheme Details and to the Submitted Standards as are then required or to the extent that they are not obtained that the Grant Recipient has taken all necessary steps to obtain them, is waiting only for the Relevant Authority to issue them and is not aware (having made all reasonable enquiries) of any reason why such Consents will not be given or issued;
 - 13.4.6 it possesses a Secure Legal Interest in the Site and for the purposes of this Condition 13.4.6 (*Grant Claim Procedures*) the parties acknowledge and agree that limb (d) of the definition of Secure Legal Interest shall be disregarded and of no effect;
 - 13.4.7 the Firm Scheme is covered by the terms of a current Help to Buy Agency Agreement (where applicable); and
 - 13.4.8 no Withholding Event has occurred or arisen.

14 **Payment of Grant**

14.1 Subject to:

- 14.1.1 the Agency (acting reasonably) being satisfied with the Grant Recipient's application for payment; and
- 14.1.2 Condition 6.6 (*Changes to Firm Schemes*), Condition 14.3 (*Payment of Grant*), Condition 14.4 (*Payment of Grant*), Condition 15 (*Adjustments to Second Tranche Grant*) and Condition 16 (*Withholding of Grant*)

the Agency shall (resources permitting) pay the First Tranche Grant or the Second Tranche Grant (as applicable) to the Grant Recipient within fifteen (15) Business Days of receipt of a relevant satisfactory application.

- 14.2 If the Agency is not satisfied with the Grant Recipient's application for payment, it must notify the Grant Recipient in writing as soon as reasonably practicable and in any event within ten (10) Business Days of receipt of the application for payment identifying the reason for its dissatisfaction. The Agency must allow the Grant Recipient a period of up to ten (10) Business Days to address the issues identified in the notification and to resubmit

or amend its application accordingly in which case the provisions of Condition 13 (*Grant Claim Procedures*) and this Condition 14 (*Payment of Grant*) (as applicable) will be reapplied to the Grant Recipient's resubmitted or amended application for payment.

14.3 The Agency shall not be obliged to pay the Grant Recipient:

14.3.1 the First Tranche Grant before the date identified in the Firm Scheme Details as the forecast Start on Site Date;

14.3.2 the Second Tranche Grant before the Firm Scheme Completion Date (as confirmed by the Agency through IMS) has occurred;

14.3.3 any Tranche if the Firm Scheme has not been accepted by the Agency through IMS.

14.4 The Agency shall not be obliged to make any payment by way of First Tranche Grant or Second Tranche Grant (as applicable) or otherwise in respect of any Firm Scheme which has not reached:

14.4.1 the Start on Site Date; or

14.4.2 Practical Completion by 31 March 2018 (subject to any extension to such date pursuant to Condition 7.3 (*Time extensions*)).

14.5 Where the Agency pays Firm Scheme Grant to the Grant Recipient, the Allocated Grant shall be reduced by a commensurate amount.

14.6 The payment of Firm Scheme Grant or any part thereof hereunder by the Agency to the Grant Recipient shall be regarded as inclusive of any VAT chargeable thereon.

15 **Adjustments to Second Tranche Grant**

15.1 If the Agency becomes aware (whether prior to or following receipt of the Grant Recipient's application for payment pursuant to Condition 13.3) (*Grant Claim Procedures*) that the Grant Recipient has failed to deliver the relevant Firm Scheme in accordance with the agreed Firm Scheme Details (including the Submitted Standards), the Agency shall be entitled (at its discretion) either:

15.1.1 to recalculate the Firm Scheme Grant allocated to the Firm Scheme by reference to the Firm Scheme that has actually been delivered; or

15.1.2 to:

(a) withhold and cancel the Second Tranche Grant payment in relation to the relevant Firm Scheme;

(b) reallocate or redirect an amount equivalent to such Second Tranche Grant to such other person or purpose as the Agency in its discretion considers appropriate; and

(c) recover from the Grant Recipient a sum equivalent to any Firm Scheme Grant already paid to it in relation to the relevant Firm Scheme.

- 15.2 If the Agency exercises its right under Condition 15.1.1 (*Adjustments to Second Tranche Grant*), the Agency will notify the Grant Recipient and the Grant Recipient will have ten (10) Business Days from the date of receipt of the Agency's notification to advise the Agency as to whether it wishes to withdraw the Firm Scheme from this Agreement or to proceed with the Firm Scheme on the basis of the recalculated Firm Scheme Grant figure. If:
- 15.2.1 the Grant Recipient wishes to withdraw the Firm Scheme, the Agency will permanently withdraw the Second Tranche Grant allocated to such scheme and the Grant Recipient must repay the Agency a sum equivalent to the First Tranche Grant received by it, such repayment to be made within fifteen (15) Business Days of receipt of the Agency's written demand for the same;
- 15.2.2 the Grant Recipient wishes to proceed with the Firm Scheme:
- (a) it must immediately amend the Firm Scheme Details in IMS to reflect the recalculated Firm Scheme Grant figure and the amended Firm Scheme Details will be deemed to be effective from the date of their acceptance by the Agency (through IMS);
 - (b) the Second Tranche Grant figure will be deemed to have been adjusted to take account of the recalculated Firm Scheme Grant figure. If such adjustment would result in Second Tranche Grant being a negative figure, the Grant Recipient must pay the Agency the Deficit Sum within fifteen (15) Business Days of receipt of the Agency's written demand for the same; and
 - (c) the Agency will (resources permitting) pay the adjusted Second Tranche Grant (subject to it being a positive amount) to the Grant Recipient within fifteen (15) Business Days of the date of the Agency's acceptance of the Grant Recipient's amendments to the Firm Scheme Details referred to in Condition 15.2.2(a) (*Adjustments to Second Tranche Grant*);
- 15.3 If the Grant Recipient fails to provide a definitive response to the Agency within the period prescribed in Condition 15.2 (*Adjustments to Second Tranche Grant*), the Agency shall be entitled (but not obliged) to treat such failure as a decision by the Grant Recipient to withdraw the Firm Scheme from this Agreement and the provisions of Condition 15.2.1 (*Adjustments to Second Tranche Grant*) shall take effect.
- 15.4 Under no circumstances will the Agency be required to accept or implement any recalculation pursuant to Condition 15.2 (*Adjustments to Second Tranche Grant*) which would have the result of increasing the amount of the Allocated Grant or the Firm Scheme Grant in relation to the relevant Firm Scheme as reflected in the Firm Scheme Details ante the amendments referred to in Condition 15.2.2(a) (*Adjustments to Second Tranche Grant*).
- 15.5 If the Agency exercises its rights under Condition 15.1.2 (*Adjustments to Second Tranche Grant*), the Grant Recipient must repay the Agency all sums due thereunder in accordance with the provisions of Condition 17.4 (*Repayment of grant*).

16 **Withholding of grant**

16.1 Notwithstanding any other term of this Agreement:

16.1.1 on or following the occurrence of a GW1 Event, the Agency:

- (a) shall be entitled to suspend any payment due to the Grant Recipient (whether by way of First Tranche Grant or Second Tranche Grant or otherwise);
- (b) shall, as soon as reasonably practicable, notify the Grant Recipient of such suspension and the period within which it (acting reasonably) requires the failure or breach giving rise to the GW1 Event (the **GW1 Failure**) to be remedied;
- (c) shall, if it is satisfied (acting reasonably) that the GW1 Failure has been remedied, notify the Grant Recipient to that effect and shall (subject to Condition 16.3 (*Withholding of Grant*)) make such payment of First Tranche Grant or Second Tranche Grant as may then be due to the Grant Recipient (assuming no other General Withholding Event subsists). Such payment to be made within ten (10) Business Days of the date of Agency's notification under this Condition 16.1.1(c) (*Withholding of Grant*); and
- (d) shall be entitled, if the GW1 Failure has not been remedied within the period prescribed pursuant to Condition 16.1.1(b) (*Withholding of Grant*) or it is or becomes apparent that the GW1 Failure is incapable of remedy either within such period or at all, to exercise the same rights as are set out in Conditions 16.1.2(a) (*Withholding of Grant*) to 16.1.2(c) (*Withholding of Grant*) (inclusive).

16.1.2 on or following the occurrence of a GW2 Event, the Agency:

- (a) shall not be obliged to make any payment to the Grant Recipient (whether by way of First Tranche Grant or Second Tranche Grant or otherwise);
- (b) shall (on giving the Grant Recipient not less than ten (10) Business Days written notice) be entitled to cancel any further payment of Allocated Grant due to the Grant Recipient under this Agreement; and
- (c) shall be entitled to reallocate or redirect such part of the Allocated Grant as has not yet been paid to the Grant Recipient to such other person or for such purpose as the Agency in its discretion considers appropriate.

16.1.3 on or following the occurrence of a GW3 Event, the Agency:

- (a) shall not be obliged to make any payment to the Grant Recipient (whether by way of First Tranche Grant or Second Tranche Grant or otherwise);

- (b) shall (on giving the Grant Recipient not less than ten (10) Business Days written notice) be entitled to cancel any further payment of Allocated Grant due to the Grant Recipient under this Agreement; and
- (c) shall be entitled to reallocate or redirect such part of the Allocated Grant as has not yet been paid to the Grant Recipient to such other person or for such purpose as the Agency in its discretion considers appropriate.

16.1.4 on or following the occurrence of a SW1 Event, the Agency:

- (a) shall not be obliged to make any payment to the Grant Recipient in relation to the relevant Firm Scheme pending the outcome of the procedure described in Condition 15 (*Adjustments to Second Tranche Grant*); and;
- (b) shall be entitled to exercise its rights under Condition 15 (*Adjustments to Second Tranche Grant*);
- (c) shall where the provisions of Condition 15.2.1(*Adjustments to Second Tranche Grant*) have effect, be entitled to reallocate or redirect such part of the Firm Scheme Grant (which has not yet been paid to the Grant Recipient) to such other person or for such purpose as the Agency in its discretion considers appropriate

16.1.5 on or following the occurrence of a SW2 Event, the Agency:

- (a) shall be entitled to suspend any payment due to the Grant Recipient (whether by way of First Tranche Grant or Second Tranche Grant or otherwise) in relation to the relevant Firm Scheme;
- (b) shall, as soon as reasonably practicable, notify the Grant Recipient of such suspension and the period within which it (acting reasonably) requires the failure or breach giving rise to the SW2 Event (the **SW2 Failure**) to be remedied;
- (c) shall, if it is satisfied (acting reasonably) that the SW2 Failure has been remedied, notify the Grant Recipient to that effect and shall (subject to Condition 16.3 (*Withholding of Grant*)) make such payment of First Tranche Grant or Second Tranche Grant as may then be due to the Grant Recipient (assuming no other General Withholding Event or Scheme Withholding Event (in relation to that Firm Scheme) subsists). Such payment to be made within ten (10) Business Days of the date of Agency's notification under this Condition 16.1.5(c) (*Withholding of grant*) and
- (d) shall be entitled, if the SW2 Failure has not been remedied within the period prescribed pursuant to Condition 16.1.5(b) (*Withholding of grant*) or it is or becomes apparent that the SW2 Failure is incapable of remedy either within such period or at all, to exercise the same rights as are set out in Conditions 16.1.6(a) to 16.1.6(c) (inclusive) (*Withholding of grant*);

- 16.1.6 on or following the occurrence of a SW3 Event, the Agency:
- (a) shall not be obliged to make any payment to the Grant Recipient (whether by way of First Tranche Grant or Second Tranche Grant or otherwise) in relation to the relevant Firm Scheme;
 - (b) shall (on giving the Grant Recipient not less than ten (10) Business Days written notice) be entitled to cancel any Tranche available to the Grant Recipient in relation to the relevant Firm Scheme; and
 - (c) shall be entitled to reallocate or redirect such part of the Firm Scheme Grant (which has not yet been paid to the Grant Recipient) to such other person or for such purpose as the Agency in its discretion considers appropriate.
- 16.2 The Agency shall incur no liability of any description to the Grant Recipient in or as a result of exercising its rights under this Condition 16 (*Withholding of Grant*).
- 16.3 The Agency shall not be obliged to make any payment of First Tranche Grant, Second Tranche Grant or otherwise to the Grant Recipient where the due date for such payment falls after 31 March 2018 unless the Agency has in its absolute discretion permitted an extension to that date pursuant to Condition 7.3 (*Time extensions*).
- 17 **Repayment of grant**
- 17.1 Without prejudice to any other term of this Agreement (other than Condition 17.12), the Agency reserves the right whether following termination of this Agreement or otherwise (which right the Grant Recipient expressly acknowledges and agrees) at its discretion to recover from the Grant Recipient the Firm Scheme Grant or such part or aggregation thereof as is determined in accordance with Condition 17.32 (*Repayment of Grant*) (the **Recoverable Amount**) in circumstances where:
- 17.1.1 a Prohibited Act has occurred and the Grant Recipient has not satisfied the Waiver Condition in respect of such Prohibited Act;
 - 17.1.2 the relevant Tranche has been paid to the Grant Recipient on the basis of a misrepresentation made by or on behalf of the Grant Recipient other than in the circumstances specified in Condition 17.2.5 (*Repayment of Grant*);
 - 17.1.3 the Agency has made an overpayment in relation to a Firm Scheme or has made a payment in error to the Grant Recipient;
 - 17.1.4 a Balancing Sum has arisen;
 - 17.1.5 the relevant Tranche has been paid to the Grant Recipient but the Agency becomes aware (whether following the completion of a Compliance Audit or otherwise) that the Grant Recipient has failed to deliver the relevant Firm Scheme in accordance with the agreed Firm Scheme Details;
 - 17.1.6 the Grant Recipient has breached its obligations under any of Conditions 9 (*Delivery Obligations*), Condition 10 (*Operational Obligations*) or Condition 11 (*Review, Monitoring and Reporting*);

- 17.1.7 a Scheme Termination Event has occurred;
 - 17.1.8 a Total Termination Event has occurred;
 - 17.1.9 the Agency has exercised its rights under:
 - (a) Condition 16.1.1 (*Withholding of Grant*) (and the GW1 Failure has not been remedied within the period prescribed in Condition 16.1.1(b) (*Withholding of Grant*)); or
 - (b) Condition 16.1.2 (*Withholding of Grant*);
 - 17.1.10 the Agency has exercised its rights under or Condition 16.1.3 (*Withholding of Grant*);
 - 17.1.11 the Agency has exercised its rights under:
 - (a) Condition 16.1.5 (*Withholding of Grant*) (and the SW2 Failure has not been remedied within the period prescribed in Condition 16.1.5(b) (*Withholding of Grant*)); or
 - (b) under Condition 16.1.6 (*Withholding of Grant*); or
 - 17.1.12 the Agency has exercised its rights under Condition 15.1.2 (*Adjustments to Second Tranche Grant*) or Condition 15.3 (*Adjustments to Second Tranche Grant*); or
 - 17.1.13 a Recovery Event occurs.
- 17.2 In the circumstances set out in:
- 17.2.1 Conditions 17.2.1 (*Repayment of Grant*), 17.2.2 (*Repayment of Grant*), 17.2.6 (*Repayment of Grant*) or 17.2.7 (*Repayment of Grant*) the Recoverable Amount shall be a sum equivalent to the Firm Scheme Grant for any affected Firm Scheme;
 - 17.2.2 Conditions 17.2.3 (*Repayment of Grant*) and 17.2.4 (*Repayment of Grant*), the Recoverable Amount shall be a sum equal to the amount of the overpayment, the sum paid in error or the Balancing Sum as applicable;
 - 17.2.3 Condition 17.1.5 (*Repayment of Grant*), subject always to Condition 17.43 (*Repayment of Grant*) the Recoverable Amount shall be determined in accordance with the following procedure:
 - (a) the parties (acting in good faith) shall seek to agree within fifteen (15) Business Days of the Non Compliance Notification Date a revised figure for the Firm Scheme Grant figure reflecting the changed nature of the delivered Firm Scheme as against that described in the Firm Scheme Details;
 - (b) where a revised figure for Firm Scheme Grant is agreed, the Recoverable Amount shall be the product of the following calculation:

$$RA = FSG - RFSG$$

where

RA is the Recoverable Amount;

FSG is the Firm Scheme Grant paid pursuant to Condition 14.1 (*Payment of Grant*) in respect of the relevant Firm Scheme; and

RFSG is the revised Firm Scheme Grant figure agreed pursuant to Condition 17.2.3(a) (*Repayment of Grant*);

- (c) the Grant Recipient shall immediately amend the relevant information on IMS to reflect any agreement reached made pursuant to Condition 17.2.3(a) (*Repayment of Grant*);
- (d) where the parties are unable to agree a revised Firm Scheme Grant figure in accordance with Condition 17.2.3(a) (*Repayment of Grant*) the Agency shall be entitled to terminate this Agreement in accordance with Condition 18.1 (*Default Events and Termination*) and the Recoverable Amount shall be an amount equal to the Firm Scheme Grant paid pursuant to Condition 14.1 (*Payment of Grant*) in respect of the relevant Firm Scheme.

Under no circumstances will the Agency be required to make any payment to the Grant Recipient if the application of the calculation in Condition 17.2.3(b) (*Repayment of Grant*) results in RA being a negative figure.

17.2.4 Condition 17.1.8 (*Repayment of Grant*), the Recoverable Amount shall:

- (a) where termination has arisen pursuant to a Fundamental (A) Default, be a sum equal to the aggregated amount of all Firm Scheme Grant already paid by the Agency to the Grant Recipient under this Agreement; and
- (b) where the termination has arisen pursuant to a Specified Default, a Bid Default or a Fundamental (B) Default, be a sum equal to the Fundamental Termination Amount.

17.2.5 Condition 17.1.9 (*Repayment of Grant*) the Recoverable Amount shall be a sum equal to the Fundamental Termination Amount;

17.2.6 Condition 17.1.10 (*Repayment of Grant*) the Recoverable Amount shall be a sum equal to the aggregated amount of all Firm Scheme Grant already paid by the Agency to the Grant Recipient under this Agreement;

17.2.7 Condition 17.1.11 (*Repayment of Grant*) the Recoverable Amount shall be a sum equal to any Firm Scheme Grant already paid to the Grant Recipient in relation to the relevant Firm Scheme;

- 17.2.8 Condition 17.1.12 (*Repayment of Grant*) the Recoverable Amount shall be a sum equivalent to any Firm Scheme Grant already paid in relation to the relevant Firm Scheme; or
- 17.2.9 Condition 17.1.13 (*Repayment of Grant*) the Recoverable Amount shall (subject to Condition 17.12) be calculated by the Grant Recipient in accordance with the Recovery Principles.
- 17.3 Where the Agency (acting reasonably) considers that the Grant Recipient acted fraudulently or dishonestly in claiming the Firm Scheme Grant for the relevant Firm Scheme, such claim shall be deemed to be a Prohibited Act and the Agency will not be bound by the terms of Condition 17.2.3 (*Repayment of Grant*).
- 17.4 The Grant Recipient must pay the Recoverable Amount to the Agency within ten (10) Business Days of demand together with interest at two per centum (2%) above the base rate from time to time of the Royal Bank of Scotland plc such interest to run from the date upon which the Firm Scheme Grant (or relevant part thereof) overpayment or payment in error was paid to the Grant Recipient until the date upon which the Agency receives the repayment required from the Grant Recipient under this Condition 17 (*Repayment of Grant*).
- 17.5 The Grant Recipient must:
- 17.5.1 maintain a written record of calculations underpinning all Recoverable Amounts arising pursuant to this Condition 17 (*Repayment of Grant*);
- 17.5.2 make such record available to the Agency on request to enable the Agency to monitor the Grant Recipient's compliance with its obligations under this Agreement.
- 17.6 Without prejudice to Condition 11 (*Review, Monitoring and Reporting*) where a Recovery Event occurs or is planned by the Grant Recipient to occur the Grant Recipient must notify the Agency in writing as soon as reasonably practicable of:
- 17.6.1 the nature of the Recovery Event;
- 17.6.2 the:
- (a) amount of Firm Scheme Grant allocated to the Relevant Firm Scheme in accordance with Part 2B of Schedule 5 (*Recovery Principles*); and
- (b) the amount of Firm Scheme Grant allocated to the Affected AHP Dwellings in accordance with Part 2B of Schedule 5 (*Recovery Principles*) where the Recovery Event does not affect the whole of the Relevant Firm Scheme; and
- (c) Recoverable Amount; and
- 17.6.3 whether it is seeking the Agency's permission to convert the Recoverable Amount into Reapplied Grant for the purposes of the delivery of further AHP Dwellings.

- 17.7 Following receipt of a Recovery Notification the Agency must notify the Grant Recipient as soon as reasonably practicable as to whether:
- 17.7.1 it requires repayment of the Recoverable Amount in which case the Recoverable Amount must be paid to the Agency within twenty (20) Business Days of the date of the Agency's notice; or
 - 17.7.2 such amount may be converted into Reapplied Grant in which case the Grant Recipient shall submit an Additional Scheme to the Agency in accordance with Condition 8.98 within fifteen (15) Business Days of the date of the Agency's notice.
- 17.8 Where the Grant Recipient fails to submit an Additional Scheme pursuant to Condition 17.6.2 or the Agency rejects the proposed Additional Scheme, the Grant Recipient must repay the Recoverable Amount to the Agency within ten (10) Business Days of demand therefor.
- 17.9 The parties acknowledge that the Late Payment of Commercial Debts (Interest) Act 1998 does not apply to this Agreement.
- 17.10 Notwithstanding any other term of this Condition 17 (*Repayment of Grant*), where a payment has been made following an administrative error by the Agency, the Grant Recipient shall not be liable for interest on the amount repayable under Condition 17.4 (*Repayment of Grant*).
- 17.11 If the Agreement Funding gives rise to an SGEI Decision Overpayment or otherwise constitutes Unlawful State Aid then the Agency shall be entitled to recover from the Grant Recipient the amount of such SGEI Decision Overpayment and/or Unlawful State Aid together with such interest as it is required by law to recover and the Grant Recipient must pay such amount(s) within ten (10) Business Days of the Agency requesting repayment.
- 17.12 The parties:
- 17.12.1 acknowledge that the Recovery of Capital Grants and Recycled Capital Grant Fund Determination 2012 and the associated terms of the Capital Funding Guide do not apply to the Grant Recipient;
 - 17.12.2 agree that if such Determination is subsequently amended, updated or restated (the **Later Determination**) so as to apply to other classes of Registered Provider the terms of this Agreement shall be interpreted to give effect to such Later Determination (and any associated terms of the Capital Funding Guide) subject to the following principles being observed and given effect
 - (a) under no circumstances shall the Agency be entitled to recover any amount under both this Condition 17 and the Later Determination which arises out of the same or similar event; and
 - (b) any right of recovery which the Agency enjoys under this Condition 17 which is not provided for in any Later Determination shall continue to be exercisable by the Agency; and

- 17.12.3 agree that the reference in Condition 17.12.1 to the Recovery of Capital Grants and Recycled Capital Grant Fund Determination 2012 means that particular determination and shall not be interpreted to include any successor, restated or amended determination.
- 17.13 The Grant Recipient agrees, without prejudice to the generality of Condition 26, and within fifteen (15) Business Days of the Agency's written request, to enter into, execute and deliver such further instrument or documents (including any variation deed) as may be necessary to give effect to the terms of Condition 17.12.
- 18 Default Events and Termination**
- 18.1 On the occurrence of a Scheme Default, the Agency shall (subject to Condition 18.2 (*Default Events and Termination*)) be entitled immediately upon serving written notice to:
- 18.1.1 terminate this Agreement insofar as it relates to the Firm Scheme to which the Scheme Default relates;
- 18.1.2 withhold and cancel any further payment of Firm Scheme Grant due to the Grant Recipient in relation to the Firm Scheme; and
- 18.1.3 reallocate or redirect such part of the Firm Scheme Grant (which has not yet been paid to the Grant Recipient) to such other person or for such purpose as the Agency in its discretion considers appropriate.
- 18.2 Where the Scheme Default is of a type described in limb (a), (c) or (e) of the definition of "Scheme Default", the Agency:
- 18.2.1 must notify the Grant Recipient of the Scheme Default and of the period within which it (acting reasonably) requires the Scheme Default to be remedied;
- 18.2.2 shall be entitled, if the Scheme Default has not been remedied within the period prescribed pursuant to Condition 18.2.1 (*Default Events and Termination*) or it is or becomes apparent that the Scheme Default is incapable of remedy either within such period or at all, to exercise the rights set out in Condition 18.1 (*Default Events and Termination*).
- 18.3 On the occurrence of a Specified Default, the Agency shall (subject to Condition 18.4 (*Default Events and Termination*)) be entitled to:
- 18.3.1 terminate this Agreement in its entirety;
- 18.3.2 withhold and cancel any further payment of Allocated Grant due to the Grant Recipient under this Agreement (other than any payments payable in relation to Continuing Firm Schemes); and
- 18.3.3 reallocate or redirect such part of the Allocated Grant (which has not yet been paid to the Grant Recipient and which is not payable in relation to Continuing Firm Schemes) to such other person or for such purpose as the Agency in its discretion considers appropriate.

- 18.4 The Agency's entitlement to exercise the rights set out in Condition 18.3 (*Default Events and Termination*) shall be suspended pending completion of the following procedure within the timescales prescribed below:
- 18.4.1 The Agency must serve written notice on the Grant Recipient requiring the Grant Recipient to remedy the Specified Default;
- 18.4.2 If within a period of thirty (30) Business Days following service of such notice:
- (a) the Specified Default has not been remedied; or
 - (b) where so permitted by the Agency, the Grant Recipient has not given an undertaking to remedy the Specified Default on terms satisfactory to the Agency; or
 - (c) it becomes apparent that the Specified Default is incapable of remedy either within such period or at all
- the Agency shall be entitled immediately and without any liability to the Grant Recipient to exercise its rights under Condition 18.3 (*Default Events and Termination*).
- 18.5 On the occurrence of a Bid Default, the Agency shall (subject to Condition 18.6 (*Default Events and Termination*)) be entitled to:
- 18.5.1 terminate this Agreement in its entirety;
- 18.5.2 withhold and cancel any further payment of Allocated Grant due to the Grant Recipient under this Agreement (other than any payments payable in relation to Continuing Firm Schemes); and
- 18.5.3 reallocate or redirect such part of the Allocated Grant (which has not yet been paid to the Grant Recipient and which is not payable in relation to Continuing Firm Schemes) to such other person or for such purpose as the Agency in its discretion considers appropriate.
- 18.6 The Agency's entitlement to exercise the rights set out in Condition 18.5 (*Default Events and Termination*) shall be suspended pending completion of the following procedure within the timescales prescribed below:
- 18.6.1 the Agency must notify the Grant Recipient in writing of its intention to call a Bid Default and to exercise its rights under Condition 18.5 (*Default Events and Termination*);
- 18.6.2 the parties (acting in good faith) shall meet within ten (10) Business Days of the date of the notice referred to in Condition 18.6.1 (*Default Events and Termination*) to seek to agree adjustments to the Approved Bid and/or the Allocated Grant to reflect any demonstrable underperformance by the Grant Recipient against its delivery projections as set out in the Approved Bid;
- 18.6.3 where adjustments are agreed, the Grant Recipient shall promptly (and in any event within fifteen (15) Business Days of the date of the above meeting) make all such amendments to the information contained in IMS in respect of the

Approved Bid as are necessary to reflect the agreement made pursuant to Condition 18.6.2 (*Default Events and Termination*) and in that case the Agency's rights under Condition 18.5 (*Default Events and Termination*) shall lapse in respect of that Bid Default which gave rise to the implementation of the procedure under this Condition 18.6 (*Default Events and Termination*);

- 18.6.4 if the parties are unable to agree adjustments to the Approved Bid pursuant to Condition 18.6.2 (*Default Events and Termination*) within fifteen (15) Business Days of the date of the meeting or the Grant Recipient fails correctly to amend the information contained in IMS in accordance with Condition 18.6.3 (*Default Events and Termination*), the Agency shall be entitled immediately and without any liability to the Grant Recipient to exercise its rights under Condition 18.5 (*Default Events and Termination*).
- 18.7 On the occurrence of a Fundamental Default, the Agency shall on the service of written notice be entitled forthwith and without any liability to the Grant Recipient to:
- 18.7.1 terminate this Agreement in its entirety;
- 18.7.2 withhold and cancel any further payment of Allocated Grant due to the Grant Recipient under this Agreement; and
- 18.7.3 reallocate or redirect such part of the Allocated Grant (which has not yet been paid to the Grant Recipient) to such other person or for such purpose as the Agency in its discretion considers appropriate.
- 18.8 Where Condition 18.3 (*Default Events and Termination*) or Condition 18.5 (*Default Events and Termination*) applies and:
- 18.8.1 there are no Continuing Firm Schemes, the Agency may terminate this Agreement in its entirety in accordance with the terms of Condition 18.3 (*Default Events and Termination*) or Condition 18.5 (*Default Events and Termination*) (as applicable);
- 18.8.2 there are Continuing Firm Schemes, the Agency may terminate this Agreement in relation to all but the Continuing Firm Schemes, such termination to take effect in accordance with the timescales specified in Condition 18.4 (*Default Events and Termination*) or Condition 18.6 (*Default Events and Termination*) as applicable.
- 19 **Information and Confidentiality**
- 19.1 Each party recognises that under this Agreement it may receive Confidential Information belonging to the other.
- 19.2 Each party agrees to treat all Confidential Information belonging to the other as confidential and not to disclose such Confidential Information or any other confidential information relating to the Agency arising or coming to its attention during the currency of this Agreement to any third party without the prior written consent of the other party and agrees not to use such Confidential Information for any purpose other than that for which it is supplied under this Agreement.

- 19.3 The obligations of confidence referred to in this Condition 19 (*Information and Confidentiality*) shall not apply to any Confidential Information which:
- 19.3.1 is in, or which comes into, the public domain otherwise than by reason of a breach of this Agreement or of any other duty of confidentiality relating to that information;
 - 19.3.2 is obtained from a third party without that third party being under an obligation (express or implied) to keep the information confidential;
 - 19.3.3 is lawfully in the possession of the other party before the date of this Agreement and in respect of which that party is not under an existing obligation of confidentiality; or
 - 19.3.4 is independently developed without access to the Confidential Information of the other party.
- 19.4 Each party will be permitted to disclose Confidential Information to the extent that it is required to do so:
- 19.4.1 to enable the disclosing party to perform its obligations under this Agreement or any loan agreement or proposed loan agreement or funding documentation with a commercial lender;
 - 19.4.2 by any applicable law or by a court, arbitral or administrative tribunal in the course of proceedings before it including without limitation any requirement for disclosure under FOIA, EIR or the Code of Practice on Access to Government Information and the Grant Recipient acknowledges that any lists or schedules provided by it outlining Confidential Information are of indicative value only and the Agency may nevertheless be obliged to disclose such confidential information;
 - 19.4.3 by any regulatory body (including any investment exchange) acting in the course of proceedings before it or acting in the course of its duties; or
 - 19.4.4 in order to give proper instructions to any professional adviser of that party who also has an obligation to keep any such Confidential Information confidential.
- 19.5 The Grant Recipient shall ensure that all Confidential Information obtained from the Agency under or in connection with this Agreement:
- 19.5.1 is given only to such of its employees, professional advisors or consultants engaged to advise it in connection with this Agreement as is strictly necessary for the performance of this Agreement and only to the extent necessary for the performance of this Agreement;
 - 19.5.2 is treated as confidential and not disclosed (without the Agency's prior written approval) or used by any such staff or professional advisors or consultants otherwise than for the purposes of this Agreement;
 - 19.5.3 where it is considered necessary in the opinion of the Agency the Grant Recipient shall ensure that such staff, professional advisors or consultants sign

a confidentiality undertaking before commencing work in connection with this Agreement.

19.6 Nothing in this Condition 19 (*Information and Confidentiality*) shall prevent the Agency:

19.6.1 disclosing any Confidential Information for the purpose of:

- (a) the examination and certification of the Agency's accounts;
- (b) any examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Agency has used its resources;

19.6.2 disclosing any Confidential Information obtained from the Grant Recipient:

- (a) to any other department, office or agency of the Crown; or
- (b) to any person engaged in providing any services to the Agency for any purpose relating to or ancillary to this Agreement or any person conducting an Office of Government Commerce gateway review;

19.6.3 provided that in disclosing information under Condition 19.6.2(a) (*Information and Confidentiality*) or Condition 19.6.2(b) (*Information and Confidentiality*) the Agency discloses only the information which is necessary for the purpose concerned and requires that the information is treated in confidence and that a confidentiality undertaking is given where appropriate.

19.7 Nothing in this Condition 19 (*Information and Confidentiality*) shall prevent either party from using any techniques, ideas or know-how gained during the performance of the Agreement in the course of its normal business, to the extent that this does not result in a disclosure of Confidential Information or an infringement of Intellectual Property Rights.

19.8 The Grant Recipient acknowledges that the Agency is subject to legal duties which may require the release of information under FOIA and/or EIR and that the Agency may be under an obligation to provide Information subject to a Request for Information.

19.9 The Agency shall be responsible for determining in its absolute discretion whether:

19.9.1 any Information is Exempted Information or remains Exempted Information; or

19.9.2 any Information is to be disclosed in response to a Request for Information;

and in no event shall the Grant Recipient respond directly to a Request for Information to which the Agency is required to respond to, except to confirm receipt of the Request for Information and that the Request for Information has been passed to the Agency unless otherwise expressly authorised to do so by the Agency.

19.10 Subject to Condition 19.11 (*Information and Confidentiality*) below, the Grant Recipient acknowledges that the Agency may be obliged under FOIA or EIR to disclose Information:

19.10.1 without consulting the Grant Recipient; or

- 19.10.2 following consultation with the Grant Recipient and having taken (or not taken, as the case may be) its views into account.
- 19.11 Without in any way limiting Condition 19.9 (*Information and Confidentiality*) or Condition 19.10 (*Information and Confidentiality*), in the event that the Agency receives a Request for Information, the Agency will, where appropriate, as soon as reasonably practicable notify the Grant Recipient.
- 19.12 The Grant Recipient will assist and co-operate with the Agency as requested by the Agency to enable the Agency to comply with its disclosure requirements under FOIA and EIR within the prescribed periods for compliance and in particular without limitation will (and shall procure that its agents contractors and sub-contractors will), at their own cost:
- 19.12.1 transfer any Request for Information received by the Grant Recipient to the Agency as soon as practicable after receipt and in any event within two (2) Business Days of receiving a request for information;
- 19.12.2 provide all such assistance as may be required from time to time by the Agency and supply such data or information as may be requested by the Agency;
- 19.12.3 provide the Agency with any data or information in its possession or power in the form that the Agency requires within five (5) Business Days (or such other period as the Agency may specify) of the Agency requesting that Information;
- 19.12.4 permit the Agency to inspect such as requested from time to time.
- 19.13 Nothing in this Agreement will prevent the Agency from complying with any valid order, decision, enforcement or practice recommendation notice issued to it by the Information Commissioner under FOIA and/or EIR in relation to any Exempted Information.
- 19.14 The obligations in this Condition 19 (*Information and Confidentiality*) will survive the expiry or termination of this Agreement for a period of two (2) years or, in respect of any particular item of Confidential Information, until such earlier time as that item of Confidential Information reaches the public domain otherwise than by reason of a breach of this Agreement or of any other duty of confidentiality relating to that information.
- 19.15 The Grant Recipient must regularly review its security arrangements in relation to its access to and operation of IMS and in particular the Grant Recipient must:
- 19.15.1 notify the Agency immediately if there is any change in the identity of the individual discharging the role of the security administrator on behalf of the Grant Recipient or if such person leaves the Grant Recipient's employment or relinquishes that role;
- 19.15.2 maintain a list of those of its employees and consultants authorised to use IMS and keep such list under regular review to ensure that access to IMS is given only to appropriate persons;
- 19.15.3 ensure that IMS passwords are kept confidential and not shared by or with its employees or consultants; and

19.15.4 ensure that systems are in place to prevent any person accessing IMS under a User ID other than his own.

20 **Data Protection**

20.1 The Grant Recipient warrants and represents that it has obtained all necessary registrations, notifications and consents required by the DPA to Process Personal Data for the purposes of performing its obligations under this Agreement.

20.2 The Grant Recipient undertakes that to the extent that the Grant Recipient and/or any of its employees receives, has access to and/or is required to Process Personal Data on behalf of the Agency (the **Agency's Personal Data**) for the purpose of performing its obligations under this Agreement it will at all times act as a Data Processor and comply with the provisions of the DPA for the time being in force, including without limitation the Data Protection Principles set out in Schedule 1 of the DPA. In particular, the Grant Recipient agrees to comply with the requirements and obligations imposed on the Data Controller in the Seventh Data Protection Principle set out in the DPA namely:

20.2.1 the Grant Recipient shall at all material times have in place and maintain appropriate technical and organisational security measures designed to safeguard against accidental or unlawful destruction, accidental loss, alteration, unauthorised or unlawful disclosure of or access to the Agency's Personal Data and any person it authorises to have access to any the Agency's Personal Data will respect and maintain the confidentiality and security of the Agency's Personal Data. This includes the obligation to comply with any records management, operational and/or information security policies operated by the Agency, when performing its obligations under this Agreement on the Agency's premises and/or accessing their manual and/or automated information systems. These measures shall be appropriate to the harm which might result from any unauthorised Processing, accidental loss, destruction or damage to the Personal Data which is to be protected;

20.2.2 the Grant Recipient shall only Process Personal Data for and on behalf of the Agency for the purpose of performing its obligations under this Agreement in accordance with this Agreement, or as is required by Law or any Regulatory Body, and where necessary only on written instructions from the Agency to ensure compliance with the DPA;

20.2.3 the Grant Recipient shall allow the Agency to audit the Grant Recipient's compliance with the requirements of this Condition 20 (*Data Protection*) on reasonable notice and/or, at the Agency's request, provide the Agency with evidence of the Grant Recipient's compliance with the obligations within this Condition 20 (*Data Protection*).

20.3 The Grant Recipient undertakes not to disclose or transfer any of the Agency's Personal Data to any third party without the prior written consent of the Agency save that without prejudice to Condition 20.2 (*Data Protection*) the Grant Recipient shall be entitled to disclose the Agency's Personal Data to employees to whom such disclosure is reasonably necessary in order for the Grant Recipient to perform its obligations under this Agreement, or to the extent required under a court order.

20.4 The Grant Recipient shall:

- 20.4.1 take reasonable steps to ensure the reliability of any Grant Recipient Party who has access to the Personal Data;
 - 20.4.2 ensure that any Grant Recipient Party required to access the Personal Data is informed of the confidential nature of the Personal Data and comply with the obligations set out in this Condition 20 (*Data Protection*);
 - 20.4.3 ensure that no Grant Recipient Party publishes, discloses or divulges any of the Personal Data to any third party unless directed in writing to do so by the Agency;
 - 20.4.4 provide a written description of the technical and organisational methods employed by the Grant Recipient for processing Personal Data (within the timescales required by the Agency); and
 - 20.4.5 not Process Personal Data outside the European Economic Area without the prior written consent of the Agency and, where the Agency consents to a transfer, to comply with:
 - (a) the obligations of a Data Controller under the Eighth Data Protection Principle set out in Schedule 1 of the DPA by providing an adequate level of protection to any Personal Data that is transferred; and
 - (b) any reasonable instructions notified to it by the Agency.
- 20.5 The Grant Recipient agrees to use all reasonable efforts to assist the Agency to comply with such obligations as are imposed on the Agency by the DPA. For the avoidance of doubt, this includes the obligation to:
- 20.5.1 provide to the Agency such access as may be reasonably required from time to time to all Personal Data stored or processed in performing its obligations under this Agreement in order to enable the Agency to meet its obligations to respond to access requests from Data Subjects under the DPA;
 - 20.5.2 provide the Agency with reasonable assistance in complying with any request for information served on the Agency under Section 7 of the DPA;
 - 20.5.3 notify the Agency (within five (5) Business Days) about the receipt of any such request received by the Grant Recipient under Section 7 of the DPA (a **Section 7 DPA**) or complaint or request relating to the Agency's obligations under the DPA and not disclose or release any information (including the Agency's Personal Data) in response to a Section 7 DPA request or complaint without first consulting with the Agency, where the information sought relates to the Agency, its employees, agents and/or its business operations;
 - 20.5.4 provide the Agency with full co-operation and assistance in relation to any complaint or request made, including by:
 - (a) providing the Agency with full details of the complaint or request;
 - (b) complying with a data access request within the relevant timescales set out in the DPA and in accordance with the Agency's instructions;

- (c) providing the Agency with any Personal Data it holds in relation to a Data Subject (within the timescales required by the Agency); and
- (d) providing the Agency with any information requested by the Agency.

- 20.6 The Grant Recipient shall comply at all times with the DPA and shall not perform its obligations under this Agreement in such a way as to cause the Agency to breach any of its applicable obligations under the DPA.
- 20.7 The Grant Recipient shall indemnify the Agency against all claims and proceedings and all liability, losses, costs and expenses incurred in connection therewith by the Agency as a result of the Grant Recipient's destruction of and/or damage to any of the Agency's Personal Data processed by the Grant Recipient, its employees, agents, or any breach of or other failure to comply with the obligations in the DPA and/or this Condition 20 (*Data Protection*) by the Grant Recipient, its employees, agents or sub-contractors.
- 20.8 The Grant Recipient shall appoint and identify an individual within its organisation authorised to respond to enquiries from the Agency concerning the Grant Recipient's Processing of the Agency's Personal Data and will deal with all enquiries from the Agency relating to such Personal Data promptly, including those from the Information Commissioner and will to the extent reasonably necessary co-operate with and assist in ensuring compliance with any Data Subject rights of data access, correction, blocking, suppression or deletion relating to the Agency's Personal Data and in the defence or management of any enforcement action or assessment by the Information Commissioner or any other Competent Authority in relation thereto.
- 20.9 The Grant Recipient undertakes to include obligations no less onerous than those set out in this Condition 20 (*Data Protection*), in all contractual arrangements with agents engaged by the Grant Recipient in performing its obligations under this Agreement to the Agency.

21 **Intellectual Property**

- 21.1 Subject to Condition 21.5 (*Intellectual Property*) the Grant Recipient shall, to the extent that it is able to do so without incurring material cost, grant to the Agency a perpetual, transferable, non-exclusive, royalty-free licence (carrying the right to grant sub-licences) to copy and use (from computer disk or otherwise) all and any Intellectual Property Rights in any, drawings, reports, specifications, calculations and other documents provided by the Grant Recipient or which are or become owned by the Grant Recipient and which relate to the Firm Schemes, for any purpose relating to this Agreement.
- 21.2 To the extent that any of the data, materials and documents referred to in Condition 21.1 (*Intellectual Property*) are generated by or maintained on a computer or in any other machine readable format, the Grant Recipient shall if requested by the Agency use its reasonable endeavours (without having to incur material cost) procure for the benefit of the Agency for the duration of this Agreement at the cost of the Grant Recipient the grant of a licence or sub-licence and supply any relevant software and/or database to enable the Agency making such request to access and otherwise use such data for the purposes referred to in Condition 21.1 (*Intellectual Property*).
- 21.3 Neither party shall infringe any third party's Intellectual Property Rights in connection with this Agreement.

- 21.4 The Grant Recipient shall fully indemnify the Agency within five (5) Business Days of demand under this Condition 21.4 (*Intellectual Property*) against any action, claim, demand, proceeding, cost, charge or expense arising from or incurred by it by reason of any infringement or alleged infringement of any Intellectual Property Rights of any third party by the activities described in this Condition 21 (*Intellectual Property*), any breach by the Grant Recipient of this Condition 21 (*Intellectual Property*) and against all costs and damages of any kind which the Agency may incur in connection with any actual or threatened proceedings before any court or adjudication body.
- 21.5 The Grant Recipient shall only be entitled to revoke the licence granted to the Agency under Condition 21.1 (*Intellectual Property*) in the following circumstances and upon the following terms:
- 21.5.1 on the termination of the whole of this Agreement in circumstances where no Allocated Grant has been paid to the Grant Recipient; or
- 21.5.2 on the termination of this Agreement (in whole or in part) in circumstances where some Allocated Grant has been paid to the Grant Recipient **provided that** nothing in this Condition 21.5.2 (*Intellectual Property*) shall entitle the Grant Recipient to revoke such licence insofar as it relates to:
- (a) Firm Schemes in respect of which Firm Scheme Grant has been paid or in respect of which a valid entitlement to claim Firm Scheme Grant has arisen; or
- (b) Continuing Firm Schemes.

22 **Health and Safety**

- 22.1 The Grant Recipient will comply in all material respects with all relevant Legislation relating to health and safety, equality and relevant employment matters and will use reasonable endeavours to procure that all Grant Recipient Parties engaged in the delivery of the Approved Bid do likewise.
- 22.2 The Grant Recipient confirms that it has, and is in full compliance with, a policy covering equal opportunities designed to ensure that discrimination prohibited by the Equality Act 2010 is avoided at all times and will provide a copy of that policy and evidence of the actual implementation of that policy upon request by the Agency.
- 22.3 The Grant Recipient shall have due regard to the public sector equality duty under Part 11 of the Equality Act 2010 insofar as its activities under this Agreement could reasonably be deemed to be functions of a public nature for the purposes of that Part.
- 22.4 To the extent that the Agency is a 'client' for the purposes of the CDM Regulations:
- 22.4.1 where the Grant Recipient is engaging consultants and a contractor or contractors as Subcontractors to deliver the Firm Scheme the Grant Recipient elects to be the only client in relation to such Firm Scheme; or
- 22.4.2 where the Grant Recipient is contracting with a developer as a Subcontractor to deliver a Firm Scheme the Grant Recipient shall procure that such developer

shall elect to be the only client in relation to the Firm Scheme on or before the date that such scheme becomes a Firm Scheme;

and the Agency hereby agrees to such election.

- 22.5 The Grant Recipient shall not seek to withdraw, terminate or in any manner derogate from such election pursuant to Condition 22.4.1 (*Health & Safety*) or (if appropriate) shall procure that any developer/employer shall not withdraw, terminate or in any manner derogate from any election pursuant to Condition 22.4.2 (*Health & Safety*) without the Agency's prior written consent, which the Agency may in its absolute discretion withhold.
- 22.6 The Grant Recipient shall at all times comply with all obligations, requirements and duties arising under the HS Act and the CDM Regulations in connection with the Works.
- 22.7 The Grant Recipient shall at all times procure the compliance with all obligations, requirements and duties arising under the HS Act by any and all parties appointed in connection with the Works or allowed on the Site.
- 22.8 The Grant Recipient shall maintain an accurate record of all health, safety and environmental incidents which occur on or in connection with each Firm Scheme.
- 22.9 Without prejudice to any other provision of this Agreement, the Grant Recipient shall notify the Agency's Health & Safety Manager within five (5) Business Days of the occurrence of any of the following events which arise out of or in connection with a Firm Scheme:
- 22.9.1 a fatal accident to any worker or a member of the public;
 - 22.9.2 any injury to a member of the public requiring reporting under RIDDOR;
 - 22.9.3 any dangerous occurrence, as defined by RIDDOR;
 - 22.9.4 the service of any improvement or prohibition notice under the HS Act;
 - 22.9.5 any incident having health & safety implications which attracts the attention of the police and/or the media;
 - 22.9.6 the commencement of any criminal prosecution under the HS Act.
- 22.10 The Grant Recipient will procure that all its Subcontractors comply at all times with the HS Act and the CDM Regulations and will procure that:
- 22.10.1 where for the purposes of the Works a Subcontractor is a Client, Designer, Principal Contractor or CDM Coordinator, the Subcontractor will comply with the obligations imposed on such role(s) under the CDM Regulations;
 - 22.10.2 each Subcontractor co-operates fully with the CDM Coordinator and the Principal Contractor appointed under the CDM Regulations (whether or not either of these roles are carried out by the relevant contractor);
 - 22.10.3 each Subcontractor allocates adequate resources to enable it to comply with its obligations under the relevant Works contract and the CDM Regulations;

- 22.10.4 each Subcontractor co-operates with all other persons involved in the Works to consider the prevention of risks and protection of persons who may be exposed to risks;
- 22.10.5 no Subcontractor will by any act or omission do anything that would cause the Grant Recipient to breach or be prosecuted under the HS Act and/or the CDM Regulations; and
- 22.10.6 the Grant Recipient and each Subcontractor at all times have due regard to the protection and safety of members of the public and their property on the Site, adjoining land owners and their property, visitors to the Site and their property and will at all times comply with the requirements of the Health and Safety Executive, the HS Act and all rules codes and regulations (including the CDM Regulations) and legislation relating to the health and safety of workers, and to the undertaking of construction works.

23 **Construction Industry Scheme**

For such time as:

- 23.1 the Grant Recipient continues to be a Registered Provider; and
- 23.2 the provisions of paragraph 13040 of Chapter 1 of HM Revenue & Customs' CIS Reform Manual remain in effect as published at July 2009,

the Grant Recipient warrants to the Agency that since it is a Registered Provider, it is deemed by concession to be certificated as a sub-contractor entitled to receive relevant payments gross under the Construction Industry Scheme set out in Chapter 3 of Part 3 of the Finance Act 2004 and associated regulations (the **CIS**) provided always that if either Condition 23.1 (*Construction Industry Scheme*) or Condition 23.2 (*Construction Industry Scheme*) ceases to hold true at a time when monies remain outstanding from the Agency to the Grant Recipient pursuant to this Agreement then the Grant Recipient shall promptly notify the Agency of such fact and the parties shall take such steps as may reasonably be required to ensure that the CIS is if necessary applied to all such outstanding payments.

24 **Assignment and sub-contracting**

- 24.1 The Agency will be entitled to transfer or assign all or part of this Agreement.
- 24.2 The Grant Recipient will not be entitled to transfer or assign all or part of this Agreement.

25 **Dispute resolution**

- 25.1 All disputes and differences arising out of or in connection with this Agreement (a **Dispute**) shall be resolved pursuant to the terms of this Condition 25 (*Dispute Resolution*).
 - 25.1.1 In the event that the Grant Recipient or the Agency consider that a Dispute exists, such party shall serve a notice upon the other party (a **Notice of Dispute**) giving brief details of the Dispute and in the first instance the parties shall use their reasonable endeavours to resolve such Dispute amicably and in good faith and in accordance with this Condition 25 (*Dispute Resolution*).

- 25.1.2 Representatives of the parties shall meet within five (5) Business Days (or such other longer period not exceeding twenty (20) Business Days as the parties may agree) of receipt of a Notice of Dispute.
 - 25.1.3 Where either no representatives of both parties are available to meet within the period set out in Condition 25.1.2 (*Dispute Resolution*) or the representatives fail to agree a unanimous resolution of the Dispute at such meeting, the Dispute shall be referred to the chief executives (or nominated deputies) of the Grant Recipient and the Agency (the **Senior Executives**).
 - 25.1.4 The Senior Executives shall meet within ten (10) Business Days (or such other longer period not exceeding twenty (20) Business Days as the parties may agree) of such referral to attempt to resolve the Dispute. Any unanimous resolution of the Senior Executives shall be recorded in writing and signed by them and shall be final and binding unless the parties agree otherwise.
 - 25.1.5 If the Dispute remains unresolved after ten (10) Business Days following referral to the Senior Executives, such Dispute must be dealt with in accordance with Condition 25.2 (*Dispute Resolution*).
- 25.2 In the circumstances contemplated in Condition 25.1.5 (*Dispute Resolution*), the parties will attempt to settle the Dispute by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed by the parties, the mediator will be nominated by CEDR. The parties agree that:
- 25.2.1 to initiate the mediation a party must give notice in writing (**ADR notice**) to the other party to the Dispute requesting a mediation. A copy of the request should be sent to CEDR;
 - 25.2.2 the mediation shall start not later than twenty eight (28) days after the date of the ADR notice; and
 - 25.2.3 except where the right to issue proceedings would be prejudiced by a delay, no party may commence any court proceedings in relation to any dispute arising out of this agreement until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other party has failed to participate in the mediation.

26 **Further assurance**

At any time upon the written request of the Agency the Grant Recipient:

- 26.1 shall promptly execute and deliver or procure the execution and delivery of any and all such further instruments and documents as may be necessary for the purpose of obtaining for the Agency the full benefit of this Agreement and of the rights and powers herein granted and the Grant Recipient hereby irrevocably appoints the Agency as its attorney solely for that purpose; and
- 26.2 shall perform and use its reasonable endeavours to procure that any third party performs such acts as may be reasonably required for the purposes of giving full effect to this Agreement.

27 **No fetter on statutory functions**

Notwithstanding anything apparently or impliedly to the contrary in this Agreement or any of the deeds and documents referred to herein, in carrying out its statutory duties or functions the discretion of the Agency shall not be fettered, constrained or otherwise unlawfully affected by the terms of this Agreement or any such other deed or document.

28 **No agency**

28.1 Nothing in this Agreement or otherwise shall be held, implied or deemed to constitute a partnership, joint venture or other association or, save as expressly provided, the relationship of principal and agent between the parties.

28.2 The Grant Recipient shall at all times be independent and nothing in this Agreement shall be construed as creating the relationship of employer and employee between the Agency and the Grant Recipient. Neither the Grant Recipient nor any of its employees shall at any time hold itself or themselves out to be an employee of the Agency.

29 **Exclusion of third party rights**

Except as otherwise expressly provided no person who is not a party to this Agreement shall be entitled to enforce any terms of this Agreement solely by virtue of the Contracts (Rights of Third Parties) Act 1999.

30 **Entire Agreement**

30.1 This Agreement and the conditions herein contained together with the Schedules constitute the entire agreement between the parties and may only be varied or modified in writing by deed.

30.2 The Grant Recipient hereby acknowledges that save as set out or referred to in the Agreement there are and have been no representations made by or on behalf of the Agency of whatsoever nature on the faith of which the Grant Recipient is entering into this Agreement.

31 **Severability**

If any term, condition or provision contained in this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall to that extent be omitted from this Agreement and shall not affect the validity, legality or enforceability of the remaining parts of this Agreement.

32 **Cumulative rights and enforcement**

32.1 Any rights and remedies provided for in this Agreement whether in favour of the Agency or the Grant Recipient are cumulative and in addition to any further rights or remedies which may otherwise be available to those parties.

32.2 The parties acknowledge that money damages alone may not properly compensate the Agency for any breach of the Grant Recipient's obligations hereunder and the parties hereby expressly agree that in the event of the breach or threatened breach of any such obligation in addition to any other rights or remedies the Agency may have in law, in equity or otherwise the Agency shall be entitled to seek injunctive or other equitable relief

compelling specific performance of and other compliance with the terms of such obligations.

33 **Waiver**

33.1 Neither the failure of any party at any one time to enforce any provision of this Agreement nor the payments by the Agency of Firm Scheme Grant under Condition 14.1 (*Payment of Grant*) in any way affects the relevant party's right thereafter to require complete performance by the other party, nor may the waiver of any breach or any provision be taken or held to be a waiver of any subsequent breach of any provision or be a waiver of the provision itself.

33.2 Where in this Agreement any obligation of a party is to be performed within a specified time that obligation shall be deemed to continue after that time if the party fails to comply with that obligation within the time.

33.3 Any waiver or release of any right or remedy of either party must be specifically granted in writing signed by that party and shall:

33.3.1 be confined to the specific circumstances in which it is given;

33.3.2 not affect any other enforcement of the same or any other right; and

33.3.3 (unless it is expressed to be irrevocable) be revocable at any time in writing.

34 **VAT**

34.1 Except where expressly stated to the contrary in this Agreement:

34.1.1 the amount of any payment or the value of any supply is expressed exclusive of VAT properly chargeable on it;

34.1.2 where any payment or taxable supply falls to be made pursuant to this Agreement VAT properly chargeable on it will be paid in addition by the recipient of the supply for which payment (if any) is consideration on the provision of a valid VAT invoice for it.

35 **Survival of this Agreement**

35.1 Insofar as any of the rights and powers of the Agency provided for in this Agreement shall or may be exercised or exercisable after the termination or expiry of this Agreement the provisions of this Agreement conferring such rights and powers shall survive and remain in full force and effect notwithstanding such termination or expiry.

35.2 Insofar as any of the obligations of the Grant Recipient provided for in this Agreement remain to be discharged after the termination or expiry of this Agreement the provisions of this Agreement shall survive and remain in full force and effect notwithstanding such termination or expiry.

35.3 Without limitation the provisions of Conditions 3 (*Acknowledgements, Representations and Warranties*), 5.3 (*Firm Schemes*), 6 (*Changes to Firm Schemes*), 8 (*Firm Scheme substitution and additions*), 9 (*Delivery Obligations*), 10 (*Operational Obligations*), 11 (*Review, Monitoring or Reporting*), 13 (*Grant Claim Procedures*), 14 (*Payment of Grant*),

15 (*Adjustments to Second Tranche Grant*), 16 (*Withholding of Grant*), 17 (*Repayment of Grant*), 18 (*Default Events and Termination*), 19 (*Information and Confidentiality*), 20 (*Data Protection*), 21 (*Intellectual Property*), 25 (*Dispute resolution*), 33 (*Waiver*), 37 (*Governing Law*), this Condition 35 (*Survival of this Agreement*) and Schedule 5 and such other provisions of this Agreement as are necessary to give effect to such Conditions are expressly agreed by the parties to survive the termination or expiry of this Agreement.

36 **Execution**

This Agreement may be executed in any number of counterparts and each counterpart will when executed be an original of this Agreement and all counterparts together will constitute one instrument.

37 **Governing law**

This Agreement shall be governed by and construed in accordance with the laws of England and Wales and subject to the provisions of Condition 25 (*Dispute Resolution*) the parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

Schedule 1
Approved Bid

Schedule 2

Officer's Certificate

To: Homes and Communities Agency (the **Agency**)

In this Officer's Certificate, words and expressions shall have the same meanings as in the Agreement except where otherwise defined.

As an authorised signatory of the Grant Recipient, I hereby certify that as at the date hereof (save as disclosed in the Schedule to this Certificate):

- 1 all data or other information submitted on IMS in respect of the Approved Bid, any Substitute Scheme and any Additional Scheme and each Firm Scheme is accurate and the Grant Recipient is not aware (having made all reasonable enquiries) of any circumstances which would give rise to that information becoming inaccurate;
- 2 all data or other information supplied to the Regulator in connection with, or related to the Approved Bid is accurate (including, inter alia, details of any Permitted Conversions);
- 3 the Grant Recipient is not in breach of its Transparency Obligations;
- 4 save where expressly agreed by the Agency, no Firm Scheme which is a Section 106 Scheme is being subsidised by Conversion Capacity, Firm Scheme Grant, RCGF or DPF;
- 5 save where expressly agreed by the Agency, all AHP Dwellings have been let or disposed of (as applicable) in accordance with the terms of the applicable Firm Scheme Details;
- 6 the Conversion Capacity will not be used nor has it been used for any purpose other than to deliver the Approved Bid under this Agreement;
- 7 all Permitted Conversions made by the Grant Recipient are consistent with the information supplied to the Agency in relation to the Approved Bid (whether on IMS or otherwise);
- 8 so far as the Grant Recipient is aware (having made all reasonable enquiries) each Firm Scheme (including, inter alia, all projected Start on Site Date and Practical Completion date) is capable of being delivered without the need for a change to the Firm Scheme Details; and
- 9 no part of the Conversion Capacity is being generated by or applied to properties within London.

This Certificate is given by virtue of my position as [] and is given on behalf of the Grant Recipient. I am not giving this Certificate in a personal capacity, nor do I accept any private or personal liability for any error or omission in it and the Agency, in relying on the contents of the Certificate, duly acknowledges that if any error or omission is later to be found, such error or omission will be deemed to be a Specified Default for the purposes of providing the Agency a remedy against the Grant Recipient.

Dated []

.....

Grant Recipient's Representative

[]

Schedule to Officer's Certificate

Paragraph Number	Disclosure

Schedule 3

Acknowledgements, Representations and Warranties

Part 1

Agreed Principles

- 1 The provisions of this Agreement represent the conditions upon which the Agency makes the Allocated Grant available to the Grant Recipient for the purposes of Sections 19 and 31 HRA 2008;
- 2 The Allocated Grant is being made available by the Agency on the express understanding that it is applied solely for the purposes of funding the Development Costs in respect of AHP Dwellings which are to be let or sold to individuals as AHP Housing;
- 3 All Fund Proceeds identified in the Firm Scheme Details must be applied solely for the purposes of funding the Development Costs in respect of the relevant Firm Scheme;
- 4 The Public Sector Subsidy in respect of a Firm Scheme may not exceed an amount equal to the Actual Development Costs incurred by the Grant Recipient in respect of the delivery of that Firm Scheme nor may the Public Sector Subsidy in respect of the Approved Bid exceed an amount equal to the aggregated Actual Development Costs in respect of the delivery of the Approved Bid;
- 5 All Firm Scheme Grant paid under this Agreement is:
 - 5.1 social housing assistance as defined in Section 32(13) of the HRA 2008; and
 - 5.2 subject to the provisions of the HRA 2008 and any applicable determinations made under such provisions.
- 6 The provisions of Condition 17 (*Repayment of Grant*) represent events and principles determined by the Agency for the purposes of Sections 32-34 of the HRA 2008;
- 7 All Fund Proceeds used for the purposes of funding (in whole or in part) the Development Costs constitute social housing assistance for the purposes of Section 32 HRA 2008 and subject to Condition 17.12 will be subject to the terms of the Recovery Determination;
- 8 Subject to Condition 17.12 any failure by the Grant Recipient to comply with the terms of this Agreement constitutes a failure to comply with a condition attached to the making of capital grant for the purposes of paragraph 7(e) of the Recovery Determination;
- 9 The Grant Recipient must hold Registered Provider status at the point at which any Affordable Rent Dwelling or Social Rent Dwelling or Nil Grant Unit provided pursuant to this Agreement is made available for rent.
- 10 The Affordable Rent Dwellings and the Social Rent Dwellings provided with the benefit of the Allocated Grant shall be deemed to have been provided with public money for the purposes of Section 180 HRA 2008.

Part 2

Representations and Warranties

1 Powers, vires and consents

- 1.1 It is duly incorporated under the law of England and Wales and has the corporate power to own its assets and to carry on the business which it conducts or proposes to conduct.
- 1.2 It has the power to enter into and to exercise its rights and perform its obligations under this Agreement and has taken all necessary action to authorise the execution by it of and the performance by it of its obligations under this Agreement.
- 1.3 It is not subject and will not become subject to any other obligation, compliance with which will or is likely to, have a Material Adverse Effect in relation to the Approved Bid or any Firm Scheme.
- 1.4 Its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with its terms.
- 1.5 The execution, delivery and performance by it of this Agreement do not:
- 1.5.1 insofar as it is aware contravene any applicable law or directive or any judgement, order or decree of any court having jurisdiction over it;
 - 1.5.2 conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which it is a party or any licence or other authorisation to which it is subject or by which it or any of its property is bound; or
 - 1.5.3 contravene or conflict with its Memorandum and Articles of Association or Rules (as applicable) from time to time.
- 1.6 All consents, required by it in connection with the execution, delivery, issue, validity or performance or enforceability of this Agreement have been obtained and have not been withdrawn.
- 1.7 So far as it is aware, it is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its assets which has or could have a Material Adverse Effect.
- 1.8 To the best of its knowledge, no claim is presently being asserted and no litigation, arbitration or administrative proceeding is presently in progress or, to the best of its knowledge, pending or threatened against it or any of its assets which will or might have a Material Adverse Effect in relation to the Approved Bid or any Firm Scheme.
- 1.9 To the best of its knowledge, no proceedings or other steps have been taken and not discharged (nor, to the best of its knowledge threatened) for its winding-up or dissolution or for the appointment of a receiver, administrative receiver, administrator, liquidator or similar officer in relation to any of its assets or revenues and without limitation no Insolvency Event has occurred in relation to it.
- 1.10 It has not committed any Prohibited Act.

2 **Deliverability**

- 2.1 No person having any Security over the property or any other assets of the Grant Recipient has enforced or given notice of its intention to enforce such security.
- 2.2 It has obtained or will by Practical Completion of a Firm Scheme obtained all Consents and to the extent that such Consents have been obtained they have not been withdrawn.
- 2.3 It is not aware, after due enquiry, of anything which materially threatens the success or successful completion of the intention or purpose of this Agreement.
- 2.4 No Default Event has occurred and is continuing.
- 2.5 All information supplied by or on behalf of it to the Agency or its agents or employees in connection with the Grant Recipient's initial application for grant funding or in the course of the subsequent discussions was at the time of submission and as far as it was aware (or ought to have been aware) having made all reasonable and proper enquiries true, complete and accurate in all respects.
- 2.6 It has informed the Agency of any material change that has occurred since:
- 2.6.1 the date of submission of the Approved Bid prior to the date of this Agreement; and
 - 2.6.2 the Approved Bid, as the same may be amended, added to, supplemented, substituted or varied in accordance with this Agreement, on each occasion of its amendment, addition, supplementation, substitution or variation of which it is aware (or ought to be aware) having made all reasonable and proper enquiries which would render such information untrue, incomplete or inaccurate in any material respect including without limitation the provision or offer of any additional Public Sector Subsidy.
- 2.7 It is not aware of any material fact or circumstance that has not been disclosed to the Agency and which might, if disclosed materially, adversely affect the decision of anyone considering whether or not to contract with it.

3 **Application of Approved Bid Capacity**

All financial capacity generated by the Grant Recipient through the terms of the Approved Bid is being and will be applied by the Grant Recipient to the delivery of new AHP Housing supply under this Agreement.

4 **Authority of Grant Recipient's Representative**

The Grant Recipient's Representative is empowered to act on behalf of the Grant Recipient for all purposes connected with this Agreement.

5 **Propriety**

- 5.1 No member, employee, agent or consultant of the Grant Recipient or of any partner organisation of the Grant Recipient has any personal, proprietary or pecuniary interest in:

- 5.1.1 any person from whom the Grant Recipient is purchasing land or property for the purposes of or in connection with this Agreement;
 - 5.1.2 any contractor engaged or to be engaged by the Grant Recipient in connection with this Agreement;
 - 5.1.3 any land or other property to be acquired or developed refurbished or improved by the Grant Recipient for the purposes of or in connection with this Agreement.
- 5.2 No member, employee, agent or consultant of the Grant Recipient or any partner organisation of the Grant Recipient is, has or will be entitled to any preferential treatment by virtue of their position or associations whether in terms of:
- 5.2.1 access to properties developed, Rehabilitated or disposed of pursuant to this Agreement; or
 - 5.2.2 the prices at which such properties are let or disposed of.

Schedule 4

Development Costs

Part 1

Development Costs

Heads of expenditure

1 Acquisition

- 1.1 Purchase price of land/site/buildings.
- 1.2 Stamp Duty Land Tax on the purchase price of land/site.

2 Works Costs

- 2.1 Main works contract costs (excluding any costs defined as on costs).
- 2.2 Major site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.
- 2.3 Statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.
- 2.4 Additional costs associated with complying with archaeological works and party wall agreement awards (including all fees, charges and claims attributable to such works) where applicable.
- 2.5 Irrecoverable VAT on the above (where applicable).

3 On costs

- 3.1 Legal fees and disbursements.
- 3.2 Net gains/losses via interest charges on development period loans.
- 3.3 Building society or other valuation and administration fees.
- 3.4 Fees for building control and Planning Permission.
- 3.5 Fees and charges associated with compliance with European Community directives, and the Agency's requirements relating to energy rating of dwellings and Eco-Homes certification.
- 3.6 In-house or external consultants' fees, disbursements and expenses (where the development contract is a design and build contract) (see note below).
- 3.7 Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in works costs).
- 3.8 Contract performance bond premiums.

- 3.9 Borrowing administration charges (including associated legal and valuation fees).
- 3.10 An appropriate proportion of the Grant Recipient's development and administration costs.
- 3.11 Irrecoverable VAT on the above.

Note 1

Where the development contract is a design and build contract, the on-costs are deemed to include the builder's design fee element of the contract sum. The amount included by the builder for design fees should be deducted from the works cost element referred to above, as should other non-works costs that may be submitted by the builder such as fees for building and Planning Permission, building warranty, defects liability insurance, contract performance bond and energy rating of dwellings.

Note 2

Some items will not qualify as Development Costs unless the Grant Recipient can clearly demonstrate that such costs are properly chargeable to the housing development, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.

Examples of these are as follows:

- works to any roads which do not exclusively serve the housing development;
- landscaping to areas of land which lie outside the boundaries of the Site;
- district heating systems;
- trunk sewers and sewage disposal works;
- special refuse treatment buildings;
- public conveniences;
- community halls, club rooms, recreation rooms.

Note 3

Subject to the above, where any cost incurred or to be incurred by the Grant Recipient is common both to the development of the AHP Dwellings within any Firm Scheme and to any other activity, asset or property of the Grant Recipient, only such part of that cost as is attributable to the development of the AHP Dwellings may be treated as a cost in respect of which grant under this Agreement may be paid.

Part 2

Costs which are not Development Costs

Capital costs incurred:

- 1.1 which are not eligible for social housing assistance as defined in Section 32(13) of the HRA 2008;
- 1.2 on land (forming part of the total site acquired) which will not be used exclusively for housing provision purposes directly related to the Firm Scheme;
- 1.3 on estate offices, factories, letting offices;
- 1.4 on stores;
- 1.5 on medical or dental surgeries, clinics;
- 1.6 on police stations, public libraries, bus shelters;
- 1.7 on shops, restaurants, public houses, offices;
- 1.8 on transformer and other related buildings;
- 1.9 on maintenance depots, tools, plant and vehicles;
- 1.10 on garages (other than integral garages on market purchase scheme types) and greenhouses; and
- 1.11 on separate commercial laundry blocks and related equipment.

Schedule 5

Recovery Principles

Part 1

1 Calculation of Recoverable Amount

1.1 In the case of the Recovery Events listed in limbs (a), (c) and (d) of the definition of Recovery Event, the Recoverable Amount shall be a sum equivalent to the FSG paid in relation to the affected Scheme.

1.2 In the case of the Recovery Events listed in limbs (b) and (e) of the definition of Recovery Event, the Recoverable Amount shall in the case of:

1.2.1 limb (b) be a sum equivalent to the amount by which the amount of FSG paid to the Grant Recipient exceeded the amount of grant necessary for the delivery of the relevant Scheme;

1.2.2 limb (e) be a sum equivalent to the amount overpaid by the Agency as a result of the incorrect information supplied or error made.

1.3 In the case of the Recovery Events listed in limbs (f) to (k) of the definition of Recovery Event, the Recoverable Amount shall in the case of:

1.3.1 outright sales (which shall be deemed to include those events listed in paragraphs 2, 3, 4.1, 4.2, 7, 9, 10, 11 and 12 of Part 2A of this Schedule) be calculated in accordance with the methodology set out in Part 3A of this Schedule save in the case of a change of use from supported housing to general needs in which case the Recoverable Amount shall be calculated in accordance with the terms of paragraph 11.2 of Part 2A of this Schedule;

1.3.2 Shared Ownership Lease staircasing disposals (including those events listed in paragraphs 4.3, 4.4 and 4.5 of Part 2A of this Schedule) be calculated in accordance with the methodology set out in Part 3B of this Schedule;

1.3.3 Demolition be determined and applied in accordance with the terms of paragraph 13 of Part 2A of this Schedule;

1.3.4 Deregistration by the Regulator be determined and applied in accordance with the terms of paragraph 14 of Part 2A of this Schedule; and

1.3.5 limb (k) be a sum equivalent to the FSG paid in relation to the Relevant Firm Scheme apportioned in accordance with Part 2B of this Schedule.

and in employing the relevant methodology the Grant Recipient shall take into account and apply the provisions of Parts 2A and 2B of this Schedule to the extent relevant.

1.4 In the case of the Recovery Event listed in limb (l) of the definition of Recovery Event, the Recoverable Amount shall be a sum equivalent to the Gross Sales Receipt (which must not be below a valid valuation by an Independent Qualified Valuer) less reasonable (i) valuation fees and expenses, (ii) legal fees and expenses and (iii) marketing costs.

- 2 In circumstances where a Recovery Event occurs and the Agency is satisfied that the repayment of the Recoverable Amount would place the Grant Recipient in material financial difficulty, the Agency shall be entitled (at its absolute discretion and on such terms as it considers appropriate) to:
 - 2.1 defer repayment of the Recoverable Amount by the Grant Recipient;
 - 2.2 permit repayment of the Recoverable Amount by way of instalments; or
 - 2.3 reduce the Recoverable Amount by such sum as the Agency considers appropriate.

Schedule 5

Part 2A

1 Deemed Loan Debt

- 1.1 For rented schemes Grant Recipient must apportion Deemed Loan Debt in the same way as it apportions FSG between individual units (see Part 2B of this Schedule 5).
- 1.2 For Shared Ownership schemes Deemed Loan Debt is apportioned according to the market values of the dwellings at practical completion of the scheme.

2 Outright Sale of Land and Buildings

- 2.1 Outright sale includes both sale on a freehold or a leasehold basis. The gross sale receipt received by the Grant Recipient must not be below a valid valuation by an Independent Qualified Valuer.
- 2.2 The Net Sale Receipt is the Gross Sale Receipt less the eligible deductions, which are:
- 2.2.1 the Deemed Loan Debt
 - 2.2.2 the reasonable valuation fees and expenses and
 - 2.2.3 reasonable legal fees and expenses of the disposal.
- 2.3 The Grant Recipient may not deduct any administration allowance nor the cost of demolition (if any) from gross sales receipts if it sells the site.
- 2.4 If the Net Sale Receipt is less than the attributable FSG, the shortfall may (with the Agency's consent and at its absolute discretion) be written off by the Grant Recipient.
- 2.5 Where grant is to be written off by the Grant Recipient, it must provide such supporting documentation and information to the Agency as the Agency may reasonably require.

3 Sale under Compulsory Purchase Orders

- 3.1 If a property owned by a Grant Recipient is sold under a Compulsory Purchase Order or equivalent mandatory purchase order (CPO) (or where there is written evidence of the threat of a CPO), the amount of FSG recovered will be calculated in the manner described in the preceding paragraph 2, EXCEPT:
- 3.1.1 the Gross Sales Receipts will be the HIGHER of either:
 - (a) the receipt from the disposal PLUS any compensation received PLUS any interest received as part of the CPO, or
 - (b) the amount obtained by an Independent Qualified Valuer acting on behalf of the Grant Recipient in negotiation with the body exercising compulsory powers.

- 3.1.2 Eligible deductions will only include the Grant Recipient's valuation and legal fees & costs, and an administrative allowance if the body exercising the CPO has not paid them as part of the CPO process.
- 3.2 The amount of interest to be included in the calculation of the gross sales received will be the interest paid by the acquiring body, less any tax on that interest that the Grant Recipient may have to pay (if it is non-charitable).
- 3.3 The amount of FSG recovered will not normally be reduced in respect of any costs incurred by a Grant Recipient in opposing a CPO.
- 3.4 If the Net Sale Receipts resulting from this calculation are insufficient to enable the recovery of all of the FSG attributable to that property or land, the amount of FSG recovered may, at the Agency's discretion, be reduced by the Shortfall. Grant Recipients should discuss such cases with the Agency's operational area. However, if the Grant Recipient makes net surpluses upon the sale of other Property or land within the same Compulsory Purchase Order, those surpluses must be used to cover the shortfall in whole or in part.
- 3.5 If a shortfall still remains, the amount of FSG recovered will be reduced by the shortfall, which may (with the Agency's consent) be written off by the Grant Recipient. Where FSG is to be written off, the Grant Recipient must provide such supporting documentation and information to the Agency as the Agency may reasonably require.

4 Shared Ownership Sales

4.1 Shared Ownership: Voluntary sale of rented property

- 4.1.1 Grant Recipients should note that this section covers voluntary sales on property on a Shared Ownership basis with no discount. The Gross Sale Receipts must not be below a Valid Valuation by an Independent Qualified Valuer.
- 4.1.2 The eligible deductions from the Gross Sale Receipts are:
- (a) the Deemed Loan Debt;
 - (b) valuation expenses; and
 - (c) legal expenses of the disposal
- but no administrative allowance.
- 4.1.3 If the net sale receipts are insufficient to enable the recovery of all of the attributable FSG, then recovery of the shortfall may (with the Agency's consent) be deferred to the next staircasing sale.
- 4.1.4 Where recovery is deferred, the Grant Recipient must provide such supporting documentation and information to the Agency as the Agency may reasonably require.

4.2 **Shared Ownership: Sale of a Repurchased Property**

- 4.2.1 The eligible deductions from the Gross Sale Receipts are the valuation and legal expenses of the disposal.
- 4.2.2 If the Net Sale Receipts are insufficient to enable the recovery of all the attributable grant, then recovery of the shortfall may (with the Agency's consent) be deferred to the next staircasing sale.
- 4.2.3 Where recovery is deferred, the Grant Recipient must provide such supporting documentation and information to the Agency as the Agency may reasonably require.

4.3 **Protected Areas**

- 4.3.1 Upon the resale of a Protected Area Repurchased property, FSG recovery as per the staircasing rules will apply (see below). However, the first sale of shares in a repurchased property will not be deemed an exempt disposal and FSG will become recoverable immediately the share is sold and a sales receipt realised.
- 4.3.2 The resale of a FSG funded Protected Area repurchased property must be at market value. Following the resale of the initial share, recoverable FSG should be calculated according to the percentage of the share sold compared to the total grant/grant permitted to be applied under this Agreement used to fund the repurchase. From the gross sales receipt landlords can deduct staircasing allowance and any Deemed Loan Debt apportioned as appropriate as eligible deductions. For these purposes, FSG funded property includes one in which the Grant Recipient was permitted to reapply grant which would otherwise have been repayable under this Agreement.
- 4.3.3 Upon staircasing the remaining FSG is recoverable on the same basis and allowing for the same eligible deductions as in 4.1.2 above.

4.4 **Shared Ownership: staircasing sales**

- 4.4.1 The Gross Sale Receipts must not be below the applicable proportion of a valid valuation by an Independent Qualified Valuer.
- 4.4.2 The eligible deductions from the Gross Sale Receipts are the Deemed Loan Debt attributable to the percentage sold, and the staircasing allowance. The valuation must be paid for by the prospective purchaser.
- 4.4.3 The Net Sale Receipts are used to recover the FSG attributable to the staircased proportion of the dwelling plus any FSG previously deferred on initial or subsequent staircasing sales in respect of other properties within the same scheme.
- 4.4.4 If the Net Sale Receipts are insufficient to enable the recovery of all the attributable and deferred FSG, then the Shortfall of the recoverable FSG may (with the Agency's consent) be deferred until the sale of a further share of that dwelling or sales of shares of any other Shared Ownership dwellings within the same scheme.

4.4.5 If, when the final dwelling in a scheme is staircased to outright ownership (or the maximum percentage allowable for that scheme) the total Net Sale Receipts were less than the FSG recoverable, the final shortfall will be written off by the Grant Recipient (subject to the Agency's consent).

4.4.6 Where there is a deferral or write off of FSG, the Grant Recipient must provide such supporting documentation and information to the Agency as the Agency may reasonably require

4.5 **Shared Ownership: Repossessions**

4.5.1 Policy in respect of defaulting shared owners is contained in Housing Corporation Circular 26/86 (and any successor circular or like publication).

4.5.2 The basic approach to calculating recoverable FSG, including any deferrals and any FSG to be written off is the same as for any other Shared Ownership staircasing, although there are important differences:

(a) Grant Recipients may accept (for recovery purposes) the valuation by the mortgagee's valuer instead of one by an Independent Qualified Valuer;

(b) the gross sale receipt is the money received from the mortgagee, as stated in the mortgagee's statement of account for details.

4.5.3 The eligible deductions from the Gross Sale Receipts are:

(a) the Deemed Loan Debt attributable to the percentage sold. and

(b) the Staircasing Allowance.

4.5.4 Any shortfall on staircasing receipts remains a debt due to the Grant Recipient by the defaulting leaseholder.

4.5.5 Where the leaseholder's mortgagee has used the Mortgagee Protection Clause, and the Grant Recipient has suffered a shortfall on staircasing receipts recoverable FSG may (with the Agency's consent) be written off by the Grant Recipient or deferred provided that the Grant Recipient confirms in supporting documentation to the written calculation that they:

(a) are in the process of obtaining legal advice, or have already obtained legal advice on prospect of recovering the money due from the leaseholder;

(b) will take all necessary steps to recover the money due; and

(c) undertake to pay the money to the Agency if applicable within fourteen days of receipt.

4.5.6 In deciding what action is reasonable to pursue the debt the Grant Recipient should obtain the written advice of its solicitors. A copy of the solicitor's advice must be kept with the written calculation for audit purposes.

- 4.5.7 If action is taken as advised by the Grant Recipient's solicitor, and no receipts are generated, any expenses or abortive costs will NOT be allowed against grant recovery UNLESS the surpluses from Shared Ownership staircasing sales completed in the previous twelve months are insufficient to cover the costs.
- 4.5.8 Where the Grant Recipient incurs such a loss, the Grant Recipient may (with the Agency's consent) deduct the costs that it has incurred from a future FSG recovery on a Shared Ownership sale or staircasing in that scheme.
- 4.5.9 If the amount for which the defaulting leaseholder is liable under the Mortgagee Protection Clause would have left the Grant Recipient with a surplus after full grant recovery then it is a matter for the Grant Recipient to decide whether to seek to recover this amount when taking action to recover other monies due.
- 4.5.10 Where FSG recovery is to be reduced or deferred, the supporting documentation to be provided to the Agency should include an appropriate certification signed by an authorised signatory of the Grant Recipient together with a copy of the completion statement provided by the leaseholder's mortgagee, and a copy of the mortgagee's explanation if the sale price is lower than the Valuer's valuation, etc.

5 **Not used**

6 **Right To Buy**

- 6.1 The sale price must not be less than the Cost Floor UNLESS the Cost Floor is greater than the valid valuation at the time of offer. Where the cost floor is greater than the valuation of the dwelling (without discount) the sale price should equal the valuation.

7 **Right To Buy: Loans**

- 7.1 The deductions to be offset against the gross sale receipt shall be:
- 7.1.1 the Deemed Loan Debt;
 - 7.1.2 reasonable expenses being the valuation and legal expenses of the disposal;
 - 7.1.3 the Right To Buy (**RTB**) sales allowance;
 - 7.1.4 any abortive RTB sales expenses.
- 7.2 Reasonable expenses can also include deficits on RTB service charges in respect of repairs (see Housing Corporation circular 18/88 (and any successor circular or like publication)).
- 7.3 Abortive Sales: A copy of the completion notice or a signed statement by the tenant that he or she does not intend to proceed with the sale should be provided to the Agency with such other supporting evidence as the Agency may require.
- 7.4 These net sales receipts shall be used to recover the FSG attributable to the dwelling in question. If the net sales receipt is insufficient to enable the recovery of all the attributable

FSG, then the shortfall may (with the Agency's consent) be written off by the Grant Recipient.

HOWEVER:

7.5 If a Grant Recipient wishes to use expenses of abortive or deferred sales when calculating the Net Sales Receipt, the Grant Recipient must provide such supporting documentation and information to the Agency as the Agency may reasonable require demonstrating that surpluses from RTB sales of FSG funded property in the previous accounting period, and the current accounting period to date, are insufficient to cover these costs.

7.6 Further FSG recovery may occur if an owner disposes of the property within the discount period and has to repay all or part of the discount.

7.7 FSG recovery must not be deferred or grant written off by Grant Recipients to give discounts to sitting tenants greater than those provided for in Section 129 of the Housing Act 1985 and/or as subsequently amended.

8 **Repayment of Right to Buy Discount**

8.1 Where FSG has been paid, or the recovery of FSG has been reduced to fund a Right to Buy discount, and a subsequent sale takes place which should give rise to a repayment of the discount, the FSG paid or reduced will be recovered on an equitable basis.

9 **Voluntary sales to tenants not on Right to Buy terms**

9.1 When land and property is disposed of outright to a tenant on terms not identical to Right to Buy provisions, the calculation of recoverable FSG will be as above, except that no allowances are available.

10 **Change to non-Affordable Housing use**

10.1 A change of use will be a Recovery Event if the property in the ownership of the Grant Recipient changes use to one which does not qualify for FSG (at the time of the change of use).

10.2 FSG will be recovered as if the property had been sold outright.

10.3 The Grant Recipient will not actually receive any payment from a purchaser, of course, so the calculation has to be based on notional figures. The Grant Recipient must obtain a valuation of the property from an Independent Qualified Valuer on the assumptions of:

10.3.1 vacant possession

10.3.2 existing use

to determine the notional "gross sales receipt".

10.4 Eligible deductions are:

10.4.1 the Deemed Loan Debt

10.4.2 reasonable valuation fees and expenses and

10.4.3 reasonable legal fees and expenses of the disposal.

A Grant Recipient may not deduct any administration allowance.

10.5 FSG will not normally be recoverable where the primary need of an elderly resident changes from housing to nursing care and it is intended that the next letting will be to someone in housing need. Where there is any doubt about the future use of the property, the Grant Recipient should consult with the Agency's relevant operational area in advance.

11 **Change from supported housing to general needs use**

11.1 A change of use from Supported Housing to general needs is a Recovery Event

11.2 This is not treated as a "notional sale", and so there are no gross sales receipts (real or notional) or eligible deductions. Instead, the Grant Recipient will pay to the Agency 12% of all FSG paid on the Supported Housing units (net of any FSG previously recovered) subject to the exceptions set out immediately below.

11.3 If the Grant Recipient is providing a replacement Supported Housing service in units that form part of its general needs stock then grant recovery may be waived by the Agency, at the discretion of the relevant Agency operational area.

11.4 The Agency reserves the right to recover FSG if, in the future, the replacement units ceased to be used for Supported Housing without further replacement units being made available.

11.5 Where a change of use of supported housing triggers FSG recovery, this may (with the Agency's consent) be deferred until a further Recovery Event, when the amount to be recovered will be calculated on the original FSG amount.

11.6 This deferral is at the discretion of the Agency (through agreement of the relevant Agency operational area). The Agency will consider:

11.6.1 any changes in revenue sources and amounts;

11.6.2 the future needs of the current client group;

11.6.3 changes in methods of supplying support, e.g. to floating;

11.6.4 other potential client groups;

11.6.5 the nature, type and condition of the building, currently and in future.

12 **Cessation of use of land or property: Void properties**

12.1 Where a Grant Recipient has ceased to use land or Property for six months, the Agency must be notified.

12.2 The Grant Recipient must produce proposals for either bringing the property back into use, its demolition, or its disposal within 7 months of the property becoming void.

12.3 These proposals will be discussed with the Agency and a course of action agreed. If the Grant Recipient does not implement the agreed course of action within a timetable and

any extensions to it set by the Agency, the FSG will be recovered in accordance with the 'change to non Affordable Housing use' procedures above.

13 **Demolition**

13.1 The Agency's approval must be obtained prior to demolition of a property.

13.2 Demolition is a Recovery Event.

13.3 If the property is to be demolished because it had reached the end of its useful life (considering such factors as age, location, physical condition and property type in the context of current needs or market conditions) the Agency will not (subject to paragraph 13.6) normally recover FSG at that time, but will defer it.

13.4 The FSG liability is deferred until a future Recovery Event occurs, in which case the recovery policy and procedures in force at that time will apply.

13.5 In the meantime FSG is treated as remaining in the land.

13.6 If the Grant Recipient demolishes property so that the resultant vacant site:

13.6.1 remains in the ownership of the Grant Recipient;

13.6.2 is to be used for non-income earning purposes (such as forming an open space or facilitating the realignment of roads) and

13.6.3 a compensation payment is received by the Grant Recipient

then FSG will be recovered.

13.7 The eligible deductions from the Gross Sale Receipts (in this case the compensation payment) are the deemed loan debt and the reasonable expenses incurred (excluding the costs of demolition).

13.8 If the net sale receipt is insufficient to allow full grant recovery, the shortfall may not be written off by the Grant Recipient, but will remain dormant in the land concerned.

14 **Deregistration by the Regulator**

14.1 Where a Grant Recipient decides to deregister from the Regulator or is deregistered, this is a Recovery Event and all grant, previously paid (including FSG) to the Grant Recipient is required to be repaid.

15 **Definitions**

In this Part 2A, the following terms have the following meanings:

Cost Floor means in the context of the Right To Buy, those costs in respect of the Dwelling, which are treated as incurred after 31 March 1974 and relevant in accordance with the Secretary of State's Determinations made under Section 131 of the Housing Act 1985 as amended by Section 122 of the Housing Act 1988. In cases where the Landlord's notice under Section 125 of the 1985 Act is issued after 9 March 1989, the Secretary of State's Determination made in March 1989 shall apply;

Deemed Loan Debt (DLD) means the amount of the Total Scheme Costs of a Firm Scheme not funded by either:

- (a) public capital subsidy (FSG/RCGF/DPF plus any Public Sector Subsidy);
- (b) sales receipts (if applicable); or
- (c) the Grant Recipient's own resources

if the project includes more than one property, the Deemed Loan Debt must be apportioned between them using the same formula as that used to apportion the FSG pursuant to Part 2B of this Schedule. This formula must not be altered by adding, for example, any penalty charged by a lender for premature redemption of a loan, or substituting the actual loan debt should it be greater;

Gross Sales Receipt means the total consideration received or receivable (whether immediate deferred or contingent) in respect of any disposal of property funded pursuant to this Agreement including the monetary value of any non-monetary consideration;

Independent Qualified Valuer means the District or Borough Valuer or a professional associate or fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers or any successor body or bodies thereof, who is not employed by, or acting on behalf of, or a member of the family of, the person or organisation selling or transferring or purchasing the property or land being valued. 'Member of the family' is defined in section 62 of the Housing Act 1996 (as amended by the Civil Partnership Act 2004) as spouse of that person, or living together as husband and wife, or that person's parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew, or niece. A relationship by marriage is the same as by blood, half-blood as whole-blood, and stepchild as child;

Mortgagee Protection Clause means the mortgagee protection clause referred to in clause 8 of the Agency's model flat lease and clause 6 in the Agency's model house lease in relation to Shared Ownership disposals and as contained within the Capital Funding Guide (or any successor clause or form of lease from time to time);

Net Sales Receipt means the Gross Sales Receipt less any eligible deductions identified in this Schedule;

Protected Areas means a principle introduced by The Housing (Shared Ownership Leases (Exclusion from Leasehold Reform Act 1967) (England) Regulations 2009 with effect from 7th September 2009, to assist the retention of Shared Ownership property in hard to replace areas (e.g. those exempted from the Right to Acquire) by either restricting staircasing or requiring the leaseholder to sell back to the landlord;

Protected Areas Repurchase (or any cognate term) means the repurchase of grant funded Shared Ownership property originally built subject to the Agency's Protected Areas policy (please see Protected Areas above) by the landlord or a suitable nominated organisation. Where alternative means of funding have been robustly explored, the Agency will fund the repurchase of eligible Protected Area grant funded Shared Ownership property;

Shortfall means the difference between the relevant Recoverable Amount and the Net Sales Receipt;

Staircasing means the acquisition by the shared owner of further equity (beyond the first share) in the relevant dwelling in accordance with the terms of the Shared Ownership Lease;

Staircasing Allowance means the sum of £449 or such other sum as may be identified in the Capital Funding Guide as an administrative allowance for staircasing sales made pursuant to the AHP;

Supported Housing means accommodation provided for a specific client group to enable them to adjust to independent living or to enable them to live independently. The term supported housing applies to purpose-designed or designated supported housing. See Circular 03/04 (and any successor circular or like publication) for definitions of supported housing and housing for older people;

Total Scheme Costs means the figure set out in the field of this name in the Firm Scheme Details;

Valid Valuation means a valuation dated no more than three months before the date of exchange of contracts to sell a Dwelling or land, or the period of validity stated in the valuation, or the Shared Ownership lease if applicable.

Schedule 5

Part 2B

Apportionment of Grant in Dwellings

1 **Apportionment of Grant: Rented Properties**

1.1 The Grant Recipient must apportion the FSG on a reasonable basis to individual properties where a Recovery Event does not affect the whole Firm Scheme.

1.2 The Agency considers the following to represent a reasonable basis of apportionment to individual properties:

1.2.1 rents as charged on first letting;

1.2.2 floor area;

1.2.3 equal division where properties are similar in size;

1.2.4 rateable value where this has been used in previous disposals in the scheme;

1.2.5 any other method approved by the Agency's Operational Area in advance

1.3 The total amount of FSG to be apportioned must include:

1.3.1 Funding (including new grant); and

1.3.2 grant paid on any previous scheme on the site which was demolished and whose recovery was deferred.

2 **Apportionment of Grant: Shared Ownership Properties**

For Shared Ownership schemes, the FSG is apportioned according to the market values of the Affordable Home Ownership Dwellings at Practical Completion of the Firm Scheme.

3 **Shared Ownership staircasing sales**

A shared owner may 'staircase' by purchasing a further share, or shares, in the equity of the dwelling. The FSG attributable to the staircased share will be the appropriate percentage of all the FSG attributable to the property pursuant to paragraph 2, including that grant paid on interest arising after the relevant date. It will also include any recoverable grant deferred from previous staircasing within the same scheme.

4 **Apportioning Grant on Land**

4.1 Subject to the foregoing provisions, when a Grant Recipient:

4.1.1 sells the land or buildings that make up an entire Firm Scheme no apportionment of the FSG is necessary, as the Recoverable Amount will be the entirety of the FSG attributable to that Scheme;

- 4.1.2 sells land or buildings that make up part of a Firm Scheme, the parties (acting reasonably) will seek to agree a reasonable basis for the apportionment of the FSG. In default of agreement, the matter will be referred for determination by an independent surveyor agreed between the parties or, in default of agreement, a surveyor nominated by the President for the time being of the Royal Institution of Chartered Surveyors. Any surveyor so appointed shall use his professional skill and judgement in determining a fair and reasonable apportionment of the FSG in relation to the land and buildings being disposed of.

Schedule 5

Part 3A

RECOVERY OF GRANT ON OUTRIGHT SALE OF PROPERTY

Calculation of grant to be recovered

The Agency is currently working on a pro forma calculation for use in this circumstance which will be provided shortly. In the interim Grant Recipients should note that the calculation will be based on the following:

- 1 Identification of net sale proceeds (i.e. sale receipt less allowable expenses and Deemed Loan Debt attributable to the property sold).
- 2 Identification of the FSG allocated to the Affected AHP Dwelling.
- 3 Recoverable Amount is the lower of the amounts identified in paragraphs 1 and 2 above.
- 4 If the amount in paragraph 2 is greater than the Recoverable Amount, the balance may be required by the Agency to be carried over to future disposals for future recovery.

Schedule 5

Part 3B

RECOVERY OF GRANT ON SHARED OWNERSHIP STAIRCASING SALES

Calculation of grant to be recovered

The Agency is currently working on a pro forma calculation for use in this circumstance which will be provided shortly. In the interim Grant Recipient's should note that the calculation will be based on the following:

- 1 Identification of net sale proceeds (re sale proceeds less allowable expenses and deemed loan attributable to the property sold).
- 2 Identification of the FSG allocated to the percentage of equity sold in the Affected AHP Dwelling.
- 3 Identification of any FSG whose recovery was deferred from previous sales under the same Scheme.
- 4 Recoverable Amount is the lower of:
 - 5 the amount identified in paragraph 1 above; and
 - 6 the aggregate of the amounts identified in paragraphs 2 and 3 above.

Schedule 5

Part 3C

**RECOVERY OF GRANT RE: TENANTS DISCOUNTS ON SALE OF
PROPERTY**

Calculation of grant to be recovered

The Agency is currently working on a pro forma calculation for use in this circumstance which will be provided shortly. In the interim Grant Recipients should note that the calculation will be based on the following:

- 1 Identification of the discount repayable less the "Recovery of tenants discount allowance".
- 2 Identification of FSG paid in respect of tenants discount/FSG recovery abated on original property sale.
- 3 Recoverable amount is the lower of the amounts identified in paragraphs 1 and 2 above.

This Agreement has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

THE COMMON SEAL of)
HOMES AND COMMUNITIES AGENCY)
was hereunto affixed in the presence of:)

Authorised signatory

EXECUTED as a **DEED** by affixing the
common seal of [**GRANT RECIPIENT**]
in the presence of:

Authorised signatory

Authorised signatory