

**PART 8 OF THE ENTERPRISE ACT 2002 (EA02)
UNDERTAKINGS TO THE COMPETITION AND MARKETS AUTHORITY
(CMA) UNDER SECTION 219 OF THE EA02 RELATING TO:**

**THE UNFAIR TERMS IN CONSUMER CONTRACTS REGULATIONS 1999; AND
PART 2 OF THE CONSUMER RIGHTS ACT 2015.**

Taylor Wimpey plc of Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR and its subsidiaries within the meaning of section 1159 of the Companies Act 2006 and any interconnected trading companies within the meaning of section 223(4) of the EA02 (“**Taylor Wimpey**”) voluntarily gives the following undertakings to the CMA under section 219 of the EA02.

Taylor Wimpey was the subject of an Enforcement Action by the CMA relating to the use of certain terms relating to Ground Rent in Leasehold contracts. Taylor Wimpey has co-operated with the CMA’s Enforcement Action. By providing the undertakings, Taylor Wimpey makes no admission, express or implied, that it has infringed the law.

The CMA accepts the undertakings from Taylor Wimpey noting that it has represented to the CMA that :

- (i) in 2011, it resolved to stop selling Leasehold properties with Doubling Clauses on new developments, and since January 2017 it has not routinely sold Leasehold houses at all;¹
- (ii) in September 2017, it adopted standardised RPI-linked Ground Rent on all Leasehold properties sold on new developments, with the initial Ground Rent being based on the sales price for the relevant property;
- (iii) it is now Taylor Wimpey’s policy that the Ground Rent on all Leasehold properties on new developments sold by it is limited to a peppercorn;²
- (iv) no Ground Rent above the level of the initial Ground Rent has been paid to it under a Doubling Clause (and no such Ground Rent will be collected by it);
- (v) in relation to staff training, Taylor Wimpey:
 - a. trains all relevant sales staff to enable them to explain the nature of Leasehold ownership to Potential Buyers and the difference between freehold and Leasehold ownership;
 - b. trains all sales staff to understand and comply with their obligations under The Consumer Protection from Unfair Trading Regulations 2008 and related consumer protection law on the use by traders of unfair terms in consumer contracts; and
 - c. has procedures in place to review the effectiveness of its training regularly and, when necessary, implement changes recommended by the review;
- (vi) in relation to the sales process, prior to the agreement of a sale of a property to a Potential Buyer Taylor Wimpey provides them with information relating to:
 - a. the tenure of a property;

¹ Subject to limited necessary exceptions, such as where required by land ownership structure.

² Subject to limited necessary exceptions, as above.

- b. where the tenure is Leasehold, the length of the Lease term;
 - c. the Ground Rent payable and the amount and timing of any scheduled increases and how those increases will be calculated;
 - d. the initial annual Service Charge payable (or the anticipated initial annual Service Charge including any circumstances known to Taylor Wimpey that may lead to an increase in the Service Charge and the basis on which this is calculated);
 - e. an estimate of other fees payable under the Lease and the basis on which these are calculated; and
 - f. the band, provided that this information is available to Taylor Wimpey,³ but not necessarily the amount of Council Tax; and
- (vii) It will abide by the requirements of the New Homes Quality Board's Code and Guidance for the sale of new homes.

The CMA also acknowledges that since April 2017 (prior to the UK Government's June 2019 Public Pledge for Leaseholders) Taylor Wimpey has voluntarily operated its Ground Rent Review Assistance Scheme (the "**GRRAS**") to allow its customers with Doubling Clauses to vary their Leases (at Taylor Wimpey's expense, including by paying the Leaseholder's legal fees up to £750) to RPI-based ground rent.

UNDERTAKINGS

In accordance with section 219(4) and section 219B of the EA02 Taylor Wimpey undertakes:

- not to engage in any conduct which contravenes paragraphs 1 to 16 below;
- not to engage in such conduct in the course of its business or another business; and
- not to consent to or connive in the carrying out of such conduct by a body corporate with which it has a special relationship (within the meaning of section 222(3) of the EA02).

Interpretation

Clear means information must be:

- (i) clear and distinct;
- (ii) displayed in plain English;
- (iii) easily understandable to the consumer;
- (iv) accurate;
- (v) complete; and
- (vi) not misleading, by action or omission.

³ Taylor Wimpey often agrees the sale of a property on a site in advance of completing construction. There are therefore occasions when Taylor Wimpey sells a property to a customer prior to the relevant council allocating a council tax band to the property.

Converted Doubling Clause means a former Doubling Clause which has been subsequently varied to refer to a different rate of escalation (RPI) through the GRRAS.

Doubling Clause means the contractual term(s) in a Lease which double (or increase by more than double) the Ground Rent payable under the Lease more frequently than every 20 years.

Doubling Lease means a long residential Lease which contains a Doubling Clause or a Converted Doubling Clause.

Enforcement Action refers to the CMA's action under Part 8 of the EA02 relating to the inclusion in Leases by Taylor Wimpey of Doubling Clauses (or clauses that were on the conclusion of the Leases Doubling Clauses) and/or the reliance by businesses on such clauses, commenced on 3 September 2020.

Freeholder means a party who owns the reversionary interest in a property in respect of which Taylor Wimpey previously owned the reversion.

Ground Rent refers to the principal rent payable periodically by a Leaseholder to his or her landlord under the terms of a Lease, however described, but for the avoidance of doubt does not include other sums which may be reserved as rent such as but not limited to a Service Charge and insurance costs.

GRRAS means Taylor Wimpey's Ground Rent Review Assistance Scheme.

GRRAS-Eligible Lease means a Lease for which the Leaseholder is eligible under the rules of the GRRAS to apply to vary their Lease through the GRRAS.

GRRAS Framework Agreement means an agreement between Taylor Wimpey and one or more Freeholders, whereby the Freeholder has agreed to vary GRRAS-Eligible Leases to replace Doubling Clauses with Converted Doubling Clauses.

Lease means a contract which confers an estate in land for a determinate period with exclusive possession capable of binding third parties.

Leasehold refers to the interest in land created by a Lease.

Leaseholder means the owner of a Long Leasehold.

Long Leasehold means the Leasehold interest in a residential property in the United Kingdom with a term of at least 21 years.

Multiplier means a sum equal to:

- (i) [~~3~~]
- (ii) [~~3~~]

(iii) [3<]

Potential Buyer means a consumer who is considering agreeing to buy a property from Taylor Wimpey.

Prominent means that information must be displayed so that it is clearly visible to the consumer and is presented in an appropriate font, size, colour and position to enable the consumer to easily identify, read and understand the information.

Service Charge means a sum or sums contractually payable by a consumer to reimburse a landlord and/or a management company for the costs that it or they have incurred in maintaining, upkeeping, repairing, insuring and renewing (etc.) common areas, structures and facilities on or connected with a housing estate including the structural parts of an apartment block. The sums may include a provision for future expenditure and a charge for management and administration duties or tasks.

Taylor Wimpey Lease means a Doubling Lease for which Taylor Wimpey is the freeholder (or landlord).

Taylor Wimpey Leaseholder means a person who holds a Leasehold interest in a property pursuant to a Taylor Wimpey Lease.

Third Party Held Lease means a Doubling Lease to which Taylor Wimpey was originally a party as landlord but is no longer the landlord.

Third Party Leaseholder means a person who holds a Leasehold interest in a property pursuant to a Third Party Held Lease.

Non-reliance on Doubling Clauses and Converted Doubling Clauses

1. Taylor Wimpey will not rely, or seek to rely, on a Doubling Clause or a Converted Doubling Clause against a Taylor Wimpey Leaseholder, including not demanding any Ground Rent above the initial Ground Rent.
2. Taylor Wimpey will not take any action or steps for possession against a Taylor Wimpey Leaseholder for non-payment of Ground Rent in reliance on Ground 8 of Schedule 2 to the Housing Act 1988 or take any action or steps leading to possession or any other sanction against a Taylor Wimpey Leaseholder for non-payment of Ground Rent in excess of the initial level.

Removal of Doubling Clauses and Converted Doubling Clauses

3. Taylor Wimpey will make an offer to each Taylor Wimpey Leaseholder to vary the Taylor Wimpey Lease and remove the Doubling Clause or Converted Doubling Clause (as the case may be), with any associated costs to the Taylor Wimpey Leaseholder to be covered up to an amount of £750 and such costs to be reimbursed upon provision by the Taylor Wimpey Leaseholder of reasonable evidence that such costs have been incurred. For the avoidance

of doubt, the amount of £750 is the Taylor Wimpey Leaseholder's maximum aggregate total entitlement under these undertakings for costs incurred and is inclusive of VAT.

4. The offer in paragraph 3 will be communicated by:
 - a. sending a letter to the relevant property; and
 - b. sending an email to the Taylor Wimpey Leaseholder (where their email address is known to Taylor Wimpey).
5. The offer in paragraph 3 will be communicated within 60 days of the date of this undertaking and then again annually for a two-year period or until accepted by the Taylor Wimpey Leaseholder, whichever is earliest.
6. Within 21 days of the date of this undertaking Taylor Wimpey will:
 - a. place and maintain details on a suitable webpage of its website about a Taylor Wimpey Leaseholder's ability to vary their Taylor Wimpey Lease and remove a Doubling Clause or a Converted Doubling Clause;
 - b. include a link to the webpage in written correspondence sent to Taylor Wimpey Leaseholders by or on behalf of Taylor Wimpey offering to remove the Doubling Clause or Converted Doubling Clause (as applicable); and
 - c. do so for a two-year period or until all Doubling Clauses and Converted Doubling Clauses have been removed, whichever is earliest.
7. Once an offer pursuant to paragraph 3 above has been accepted by a Taylor Wimpey Leaseholder, Taylor Wimpey will use all commercially reasonable endeavours to effect the variation without undue delay.
8. Without prejudice to any other information which the CMA may request, Taylor Wimpey will, for a period of two years from the date of these undertakings, provide the CMA with an annual report setting out:
 - a. the total number of offers made under paragraph 3 above;⁴
 - b. the total number of such offers which have been accepted; and
 - c. the total number of Doubling Clauses and Converted Doubling Clauses removed.

Engagement with current Freeholders

9. Taylor Wimpey will make an offer to each Freeholder of a Third Party Held Lease to enter into a framework agreement to pay that Freeholder an amount equal to the Multiplier for each Third Party Held Lease in relation to which the Freeholder gives to the CMA, and complies with, relevant undertakings. For the purposes of this paragraph, relevant undertakings are undertakings in the same or similar terms to those in paragraphs 1 to 8 above (and any others the CMA requires from the Freeholder to address its concerns) given by the

⁴ Including those repeated under paragraph 5.

Freeholder within a period of 80 working days from the date of this undertaking.

The terms of that framework agreement will include at least the following:

- a. the number of Third Party Held Leases to which the Freeholder holds the reversionary interest;
 - b. the fixed and sole amount (being the Multiplier) to be paid for each Third Party Held Lease in respect of which the Freeholder gives to the CMA and complies with relevant undertakings;
 - c. the mechanism by which Taylor Wimpey will pay the Freeholder the amount provided for under sub-paragraph (b);
 - d. a requirement for the parties to agree the form of the deed of variation to be entered into with Third Party Leaseholders (each party acting reasonably);
 - e. a commitment on the Freeholder to communicate to all Third Party Leaseholders the offer to vary the Third Party Held Lease within 30 working days of the date of the framework agreement being entered into and then again annually for a two-year period or until accepted by the Third Party Leaseholders, whichever is earlier;
 - f. that the entry into the framework agreement will be in full and final settlement of any claim that the Freeholder has or may have against Taylor Wimpey in respect of any loss, liability or damage of any nature resulting from the inclusion of a Doubling Clause or Converted Doubling Clause in any Third Party Held Lease sold to the Freeholder or the Freeholder's predecessor by Taylor Wimpey, the sale to the Freeholder of any such Third Party Held Lease, the Freeholder's reliance on or use of any Doubling Clause or Converted Doubling Clause in any such Third Party Held Lease and/or any finding by any court or regulator or acceptance by the Freeholder that any Doubling Clause or Converted Doubling Clause is unenforceable and/or unfair;
 - g. an acknowledgement that Taylor Wimpey shall not be required to pay any additional sums beyond the Multiplier, such as the reimbursement of any costs incurred by a Freeholder or a Leaseholder; and
 - h. an acknowledgment that the entry into the framework agreement supersedes any existing GRRAS Framework Agreement entered into between Taylor Wimpey and that Freeholder and that the Freeholder agrees to terminate any GRRAS Framework Agreement to which it is a party and to procure such termination by any relevant management company or other third party.
10. The offers under paragraph 9 will be communicated to each Freeholder within 20 working days of the date of this undertaking and each Freeholder will have 60 working days from receipt of such offer to: (i) confirm acceptance of the offer and (ii) enter into the relevant undertakings with the CMA (as defined in paragraph 9 above). Where the Freeholder accepts the offer and enters into the relevant undertakings with the CMA, Taylor Wimpey will use all commercially reasonable endeavours to effect the execution of the framework agreement and termination of any existing GRRAS Framework Agreement (as applicable) without delay. For the avoidance of doubt, where any Freeholder

fails to accept Taylor Wimpey's offer or enter into the relevant undertakings with the CMA within a period of 80 working days from the date of this undertaking, the offer to that Freeholder under paragraph 9 will lapse.

11. For the avoidance of doubt, Taylor Wimpey will not make the offers under paragraph 9 in relation to any Third Party Held Lease where the relevant Freeholder has already given undertakings to the CMA in respect of the Enforcement Action. Such Third Party Held Leases are excluded from the scope of this undertaking.

Other matters

12. Whilst these undertakings are in effect, to the extent that Taylor Wimpey sells the freehold of any property which is subject to a Doubling Lease and for which it is the freeholder (or landlord), it will do so on terms that the purchaser will comply with a set of obligations in relation to the Doubling Leases acquired that are the same as those set out in paragraphs 1 to 8 above (as applied to the Leaseholder in question), and the timing is to be taken to run from the date of the sale of the freehold and for the balance of any period remaining under these undertakings.

Sales and marketing

13. Taylor Wimpey will ensure on an ongoing basis that all marketing materials provided to consumers before the agreement of a sale of a property to them by Taylor Wimpey Clearly and Prominently state:
 - a. the tenure of the property;
 - b. where the tenure is Leasehold, the length of the Lease term;
 - c. the Ground Rent payable and the amount and timing of any scheduled increases, including a schedule of Ground Rent payable for the first 30 years of the term of the Lease;
 - d. the anticipated annual Service Charge payable (including any circumstances known to Taylor Wimpey that will lead to an increase in Service Charges and the basis on which the Service Charges are calculated);
 - e. an estimate of other fees payable under the Lease and the basis on which these are calculated; and
 - f. the band, provided that this information is available to Taylor Wimpey,⁵ but not necessarily the amount of Council Tax,

and that all marketing and sales material provided to consumers complies with The Consumer Protection from Unfair Trading Regulations 2008 and related consumer protection law on the use by traders of unfair terms in consumer contracts.

⁵ Taylor Wimpey often sells properties on a site in advance of completing construction. There are therefore occasions when Taylor Wimpey sells a property to a customer prior to the relevant council allocating a council tax band to the property.

14. In addition, Taylor Wimpey will ensure that consumers are provided with the information referred to in paragraph 13 above before agreeing the purchase of a property (irrespective of whether they have been provided with any marketing materials). For the avoidance of doubt, this requirement will not be satisfied if the information is only provided at the point at which the consumer enters into a reservation agreement and pays the property reservation fee.

Leases in future developments

15. Taylor Wimpey will not sell new build houses on a Leasehold basis, other than:
 - a. on developments where Taylor Wimpey does not own the site on a freehold basis;
 - b. in exceptional circumstances, such as where the property is shared ownership or where the structure of the building dictates that the property cannot be defined as a dwellinghouse.

In any exceptional cases where Taylor Wimpey is required to sell new build houses on a Leasehold basis, it will not include in those leases any terms that are unfair under the CRA.

16. Taylor Wimpey will include peppercorn or zero Ground Rent without escalation in all future Leases on new developments or new phases of developments on which no Leases have yet been entered into, other than:
 - a. on developments where Taylor Wimpey does not own the site on a freehold basis; or
 - b. in exceptional circumstances, such as where the property is shared ownership or where the structure of the building dictates that the property cannot be defined as a dwellinghouse.

In any exceptional cases where Taylor Wimpey is required to include terms relating to Ground Rent escalation in Leases, it will not include any terms that are unfair under the CRA.

BY SIGNING THESE UNDERTAKINGS, TAYLOR WIMPEY PLC IS AGREEING TO THE TERMS OF THE UNDERTAKINGS.

IF HAVING SIGNED THIS DOCUMENT TAYLOR WIMPEY PLC DOES NOT COMPLY WITH ANY PART OF THE ABOVE UNDERTAKINGS, IT IS AWARE THAT IT MAY BE THE SUBJECT OF AN APPLICATION TO THE COURT FOR AN ENFORCEMENT ORDER UNDER SECTION 215 OF THE EA02.