



# Sustainable community loan fund

Information and finance for community loan funding to install local sustainable energy measures



## Local United – diffusing practical initiatives in response to climate change and peak oil

Local United brings together and supports community activists who are setting up social enterprises to address the challenges of peak oil and climate change. We aim to speed up the rate at which good ideas are adopted by community groups motivated to build low-carbon economies.

Initially eight 'diffusion packs' have been produced which offer practical suggestions for setting up initiatives in the following areas:

Energy Farms	Community-led Food Initiatives
Community-led Hydro Initiatives	Sustainable Community loan Fund
Community-led Wind power	Community-led Reuse of Resources
Energy Performance Energy Services Company	Community-led Transport Initiatives

NESTA provided funding for the development and dissemination of these information packs which have been written and reviewed by people with first-hand knowledge of the community and climate action sectors they work in. Often the authors will have been involved in the conception of the project idea and in many cases they would now be regarded as experts in their fields. Biographies will soon be available on our websites

All of these packs are intended as on-going 'works-in-progress'. We are hoping that other groups working in these areas will add in their experience. In time they will build into a comprehensive library of good practice case studies. They will become a source of inspiration to community groups. They will provide information on motivational projects which have been carried out by other community groups and they will act as a directional tool to help communities who are ready to take action, to do just that.

These packs are offered to groups who are interested in setting up social enterprises in these areas. They can be downloaded from the many partner websites.

Of course, any information provided is only as up to date as the day it goes to print. Many of the specific examples have worked so well because of the people involved, the skills they possess or the resources that were available to them. Thus these examples will predominantly serve as an inspirational call to arms. However, many of the packs contain useful 'how to' guides, copies of legal templates or list of regulations, all of which may be useful to community groups wishing to set out on their own project. All of the packs contain notes or links on where to find more help.

Feedback on these packs is continually being sought. Community groups who have used the packs to support their own projects are very welcome, and indeed are invited, to provide information on how useful the packs have been, what other information we should be providing or any other feedback which may help us to improve these in the future.

Local United is keen to work with other groups and organisations active in these areas who may be interested in offering the diffusion packs through their websites. We are also actively seeking funding to follow up these packs with a mentoring/buddying system which will provide additional support to emerging social enterprises.

# Diffusion Pack for a Sustainable Fund to provide Community Loans to Householders

This diffusion pack is designed to provide an overview of how a community group could set up a rolling fund. It is designed to inspire community groups to take action and uses many examples from Hook Norton Low Carbon which is a social enterprise group in rural Oxfordshire. Much of what you find in this pack will be specific to what HNLC has done and will predominantly serve to educate and inspire, but much will be very detailed and will show how your community could emulate this project.

## **STRATEGY**

This document provides a pack of information for Social Enterprises<sup>1</sup> involved in taking action on climate change to determine whether setting up a sustainable community fund to provide loans to householders (and potentially community organisations such as schools) is appropriate for meeting their aims. Template application forms and legal agreements are provided that can be modified and used by communities in setting up a fund. The focus in this diffusion pack is on loans to fund energy performance improvements in homes. However, the principles could potentially be applied to other areas such as community waste or indeed any project where there are potential future revenue streams that can be generated as a result of an initial capital investment. Where any of the information from this pack is used to form legal agreements it is strongly recommended that the social enterprise takes its own legal advice on the applicability of the information to their specific circumstances.

Importantly, it has been assumed that the loan fund will be set up to make use of working capital already generated by the social enterprise through mediums such as winning grant funding, corporate sponsorship, revenue generated from community owned renewables, community share issues<sup>2</sup> etc. The significant benefit is that the loan fund allows the community to unlock finance from throughout its members. Work can commence to improve the energy performance of buildings immediately, and then members pay off the capital sum borrowed to the community for further work in the community in a sustained programme of work. It is clear that removing that barrier, where people have to find all the up front capital immediately, provides a step change in the level and rate of action on climate change. This approach can be fantastic for creating a community feeling of everyone working together and that countering climate change can then be something that brings the community together to build a positive future vision.

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<sup>1</sup> Social Enterprises are social mission driven organisations which apply market-based strategies to achieve a social purpose. The movement includes both non-profits that use business models to pursue their mission and for-profits whose primary purposes are social.

<sup>2</sup> For examples of community financing see [www.energysavingtrust.org.uk/cafe/Green-Communities/Funding-Advice](http://www.energysavingtrust.org.uk/cafe/Green-Communities/Funding-Advice) and [www.communityshares.org.uk](http://www.communityshares.org.uk).

Also see Co-operatives UK publication; 'Simply Legal - structures for social enterprises' at [http://offline.cooperatives-uk.coop/live/dynamic/publicationview.asp?pub\\_id=92C2810A-0FA6-49B8-9756-A91BF8604E02](http://offline.cooperatives-uk.coop/live/dynamic/publicationview.asp?pub_id=92C2810A-0FA6-49B8-9756-A91BF8604E02) – NB also DECC publication to be released as part of LCCC



## Community Benefits & Culture



# Hook Norton Low Carbon Limited

The prime benefit of a rolling loan fund is that hard-earned capital funds for a community can be used to fund an on-going programme of activity such as household retrofits, rather than the one-off burst of activity provided by many grant-funded programmes. Here we have used the example of the HNLC Low Carbon Fund which has the focus of enabling the community to put in place a sustained programme of improving the energy performance of the building stock (both individual homes and community buildings). The initial £400K of grant funding has been used to establish a 10-20 year programme shown in Appendix 1.

Hook Norton is a community in rural Oxfordshire with approximately 2,500 residents. The Low Carbon Hook Norton group was first set up in February 2008 by a few interested individuals. Having grown to a membership of some 160 people they formed a formally constituted organisation Hook Norton Low Carbon Limited in October 2009. They now have a chair, treasurer, secretary, and a project management committee. Nearly all positions to date have been voluntary, although they are contracting some of the administrative activities to a member of the community on the basis of an hourly rate. There is no membership fee for the wider engagement group, Low Carbon Hook Norton, and membership is open to all residents. To be a member of the constituted community benefit organisation, Hook Norton Low Carbon Limited, costs £1 and is run on the basis of one member one vote when it comes to decision making. In December 2009 HNLC successfully applied for DECC (Department of Energy and Climate Change) LCCC (Low Carbon Communities Challenge) funding to set up a rolling retrofit fund – see [www.hn-lc.org.uk](http://www.hn-lc.org.uk).

The culture HNLC aims to instil in the community is to move away from a dependency on continual applications for grants to one where the initial injection of capital can be used to set up a viable and sustainable community social enterprise. So for example, within three months of the launch of the Loan Fund, households in the community had committed to investing £200,000 and started work to upgrade the energy performance of their homes and to pay this back to the community over period between three months to 10 years so that the funds can be recycled to other members of the community.

Loans either need to be made at a level which keeps pace with inflation or, if the loans are made at 0% or 3% interest in order to maintain the real value of the capital loan fund, as in the HNLC case, the community will need to generate the relatively small income stream required to keep the loan pot topped up. For HNLC, affiliation schemes with a green electricity provider and ethical telecoms generate the capital replenishment element.

## Prerequisites

The social enterprise needs to be a legally constituted body such as an Industrial & Provident Society (see Appendix 2; only sections 1, 2 & 4 need to be changed for a new IPS) or Community Interest Company (see Local United Sustainable Transport Diffusion Pack). Any Community group must make sure that it gets professional support to help to choose a legal structure appropriate for the current, and future, needs of group<sup>3</sup>. The loan fund principles can potentially operate for smaller

<sup>3</sup> See Co-operatives UK publication; 'Simply Legal - structures for social enterprises' at [http://offline.cooperatives-uk.coop/live/dynamic/publicationview.asp?pub\\_id=92C2810A-0FA6-49B8-9756-A91BF8604E02](http://offline.cooperatives-uk.coop/live/dynamic/publicationview.asp?pub_id=92C2810A-0FA6-49B8-9756-A91BF8604E02) – NB also DECC publication to be released as part of LCCC



communities than the 2,500 in Hook Norton and could readily scale up to a scale of a Transition Town. If the community is fortunate enough to have individuals to provide informal advice and point to local contractors then transaction costs can be kept to a minimum. However, where those skills are missing it would be useful for communities to access the Household Energy Services diffusion pack. Apart from that all it needs is time and a committed group of individuals who enjoy working together for their community.

## Policy Development

The balance between straight low interest (or 0% interest loans) and loans with grants attached (where there is an element of the initial capital investment which the community decides will not need to be repaid because this meets a wider community benefit, such as supporting more vulnerable groups in the community) depends on the demographics of the community and how the social enterprise wishes to provide the wider community benefit. In the initial stages of the HNLC rolling fund there was a tight time constraint to deploy the carbon saving measures rapidly. Therefore, much of the focus was on members of the community who had the funds to be able to invest in improving their homes but had previously been deterred by the high up-front capital costs of improving the energy performance. This provided the advantage of rapid recycling of loan funds. The plan is for HNLC to now switch to engagement with more vulnerable and elderly groups through working with both the local social housing provider and the active Baptist church (this area is developing, but in essence HNLC has provided the care groups with free reign to discuss options within their existing safe environment and has said that it will provide the funds to the options they present back).

## Risk to Manage

It is very important that all risks to any project are considered from the outset. Communities need to think through the implications of worst case scenarios and seek to find solutions to these problems before they arise. HNLC identified two specific risks and sought advice on how to deal with them;

- Risk of default: it is possible to set up the loan scheme to have security on the loan against the property (like a mortgage). The advice that HNLC was given by Bird & Bird via the Carbon Leapfrog “pro-bono” (free) legal advice available to communities ([www.carbonleapfrog.org](http://www.carbonleapfrog.org)) was that for the type of loan scheme being set up, where the borrower is well known by the lender, the relative cost of setting up the security for the loan agreement outweighed the security that the loan guarantee provided.
- Accessibility to all members of the community: Ensure that the panel that makes the decisions on who does and does not receive loans (in the case of HNLC, Home Improvement Scheme panel – see operations section) is representative of the community as a whole and that the availability of the loans is well publicised. If the aim is to provide the potential for uptake from all sectors of the community, especially the vulnerable and the elderly where there are concerns on whether the energy savings they will benefit from will be great enough to fund the loan repayments, then the community can consider adding grant aid elements (which do not have to be repaid to the community social enterprise) to ensure that the repayments are matched exactly with future energy savings (the Pay As You Save, PAYS, principle).

[www.energysavingtrust.org.uk/Home-improvements-and-products/Pay-As-You-Save-Pilots](http://www.energysavingtrust.org.uk/Home-improvements-and-products/Pay-As-You-Save-Pilots)



## **Development of Intellectual Property & Networking**

Since HNLC was fortunate enough to be provided with a DECC (Department of Energy and Climate Change) LCCC (Low Carbon Communities Challenge) grant to develop the details of the rolling retrofit fund, the decision was taken that any intellectual property developed during the project should be shared in an open source fashion, therefore freely available to anyone who is interested. Sharing learnings within a nationwide network of social enterprises was seen as a key activity for HNLC. Where a community develops a project which it feels may have a commercial aspect e.g. develops something which it could 'sell' to others and receive money back into its rolling fund, they may wish to seek advice from external experts about how to protect its commercial interests and the "intellectual property rights" of the ideas they develop.

## **OPERATIONS**

### **Marketing**

In the HNLC model, the possibility of obtaining low interest loans is publicised throughout HN and the surrounding community. 0% loans are available to residents who want to carry out low carbon refurbishments. Main marketing routes include; village newsletter which goes to each of 750 households every two months; HNLC engagement meetings open to all held every 2 months at the brewery visitor centre; the village and HNLC web sites.

### **The procedures for approving householder loans**

It is important in any household loan scheme that the process of choosing households to receive funds be transparent and open. All members of the community benefit organisation should be allowed to be involved in the review panels for the process should they wish.

The steps of the HNLC Limited loan approval process are as follows:

1. Residents join HNLC Limited and register interest for a loan and/or advice – see Appendix 3.
2. Management Board reviews membership applications (only exceptional reasons for exclusion would be considered) and then sends out the share certificate and the pre-application form for completion and return – see Appendix 4. If advice is required, the application details are forwarded to two volunteer members of the management board with technical skills in sustainable refurbishment and renewables.
3. Pre-application forms are reviewed by the Home Improvement Scheme panel (HIS). The HNLC management member of the panel advises at the start of the meeting the budget available for making loans. Decisions are made by the panel on whether to grant 'in-principle' approval for the loan on the basis of whether the work being funded by the loan will deliver carbon savings. Where there is an excess of applications over the budget available, the panel will select those applications which, in the view of the panel, will deliver greatest carbon savings and widest community benefit. The panel also considers whether any additional terms need to be clarified either on the work to be completed (e.g. in the case of extensions or new build, only measures over and above building regulations would qualify for a loan) or on the terms of the loan (e.g. shorter payback period, or if PV installations form part of the loan which receive Feed-in-Tariff (FiT) revenue whether to charge 3% interest on the loan because the



householder is already receiving significant financial support through the FiT incentive), or whether there should be a grant element to the loan where a case has been made on the grounds of social/community benefit.

HIS panel membership is composed of 11 members representing a cross section of the community. For panel review meetings to be able to reach a decision, a minimum of one of the main HNLC management board members plus 3 additional members are required to be present.

4. If the Home Improvement Scheme panel takes the view that a pre-application is too large or complex for them to review, or that they are not able to make a decision within the budget available at the time they will refer the pre-application to the HNLC management board.
5. The applicant is told the outcome of the panel review and the model loan agreement (see Appendix 5) is sent to them so that they can make sure they are happy to sign the agreement and provide all the required information in schedules 1, 2 & 3.
6. On review of the information provided by the loan applicant HNLC sends out the Loan Agreement to the householder by email for final review. The borrower then collates all the information required in schedules 1, 2 & 3 and brings 2 copies to the Brewery premises when they are ready to sign. HNLC then reviews the documentation provided by the borrower with two HNLC management committee signatures needed to authorise the loan.
7. The appointment of the contractor, project management of the works, and payment for completed works are all the responsibility of the householder. This provides both a direct supervision of the work and a clear customer-contractor relationship and also provides a clear limit on the liabilities of the social enterprise. Once the work is complete the householder provides the receipts for the completed work to match the work specified in the loan agreement.

### Training

In the case of HNLC, two of the members were experts in the fields of energy efficiency and renewables in buildings. These experts have been able to volunteer their time to oversee any technical issues and act as final arbiter. In other schemes, this expertise may need to be sought from outside the community group and may be an additional cost. Training may be available for others by adopting the Household Energy Services model<sup>4</sup>)

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<sup>4</sup> Reference to Energy Performance EScO diffusion pack





## **SUPPORT**

### **Legal & Compliance:**

#### **Registering for a Consumer Credit Licence**

An application for a consumer credit licence is required for a community organisation wishing to make loans (even 0% interest loans to members of the public). This is part of a national framework to ensure that consumers are protected from individuals and organisations offering financial deals that are not in the best interest of the consumer. The good news though is that the application procedure is much more straightforward than one might imagine and can be carried out online via: [www.ofc.gov.uk/OFTwork/credit-licensing/credit-licence/](http://www.ofc.gov.uk/OFTwork/credit-licensing/credit-licence/)

If it is possible to run the loan scheme at low interest rates, and the loan agreements can be signed at the registered offices of the constituted community organisation rather than in the consumers' homes, then the application process is streamlined and the decision process rapid. The fee for the licence is currently £970, but for those organisations meeting the above criteria it is valid for an indefinite period of time.

#### **Loan Agreements**

Sample loan agreements for householders and community buildings are provided under Appendix 5. These template loan agreements were provided as part of DECC support for LCCC winners by Bates Wells & Braithwaite. In addition, Bird & Bird have provided free legal advice on the appropriateness of the loan agreements on issues such as whether security should be sought on the loans (where the additional complexity and costs were deemed to be inappropriate for the level of financial risk).

### **Administration, Accounting & Finance**

At the beginning, the administration, accounting and finance services for the HNLC householder scheme were provided purely through time provided by members of its management board. This is unlikely to be sustainable over time as the level of administration rises. HNLC have recently contracted in administrative services from a member of the community at an agreed hourly rate and are in the process of appointing an accountant to audit its accounts due at the end of March 2011. Community groups will need to think about at what stage they will need to look at employing book-keeping and administrative support services.

### **IT**

A website is a useful tool for providing information and can, with the right investment, also be used to provide access to downloadable application forms etc. The HNLC web site was developed, and is currently managed, by one of the members of the management board. As groups move from the project delivery phase to spreading the messages of what can be achieved more widely specific IT expertise may be sought. It is important to keep this in mind when examining forward costs.

**Note: All appendices can be accessed and downloaded on the website.**





LCHN Low Carbon Fund -financial model

HNLC Low Carbon Fund	Assump tions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
<b>Funds raised (£K)</b>													
<b>Income from Affiliation Schemes</b>													
Number of households participating		50	70	100	150	200	275	375	375	375	375		Assume max of 50% households join
Green Energy UK	5%	1.5	2.1	3.0	4.5	6.0	8.3	11.3	11.3	11.3	11.3	70	5% donation into HNLC agreed Oct 09
Phone Co-op	6%	1.0	1.4	2.0	3.0	4.0	5.5	7.5	7.5	7.5	7.5	47	6% donation into HNLC agreed Oct 09
Other (eg. Bulk oil purchase, local shops etc.)		0.5	0.7	1.0	3.0	4.0	5.5	11.3	11.3	11.3	11.3	60	eg. oil purchase scheme started Sept 09
Total from affiliation schemes		3	4	6	11	14	19	30	30	30	30	177	
Cumulative from affiliation schemes		3	7	13	24	38	57	87	117	147	177	177	
<b>Grant Funding &amp; Donations</b>													
LCCC		545										545	
Donations from HN community - first donation already received from HN Charitable Association		0.3	1	2	3	4	5	5	5	5	5	35	This could lead to share issue along Low Carbon West Oxford Model
Total from grants and donations		545	1	2	3	4	5	5	5	5	5	580	
Cumulative donations		545	546	548	551	555	560	565	570	575	580	580	
<b>Total Income (incl Donations &amp; Grants)</b>		548	5	8	14	18	24	35	35	35	35	757	
Cumulative income (incl Donations & Grants)		548	554	562	575	593	617	652	687	722	757	757	
<b>Provisions for Project Management</b>	9%	(45)											
<b>HNLC Low Carbon Fund Investments</b>													
Outstanding loans for exemplar homes		150											
Outstanding loans for Area-Based schemes		100											
Outstanding loan to HN School		190											
Purchase of biodiesel tank and electric cars		55											
Total investment		495	0	0	0	0	0	0	0	0	0	495	
<b>Starting Balance of Fund</b>		8	75	146	223	305	397	473	549	628	707		
(after new investment and before payback of loans)													
<b>Payback of loans into HNLC Ltd</b>													
Exemplar homes over 10 years		15	15	15	15	15	15	15	15	15	15	150	We would fix the 5-10 year payback depending on individual circumstances
Area-based schemes over 5 years		20	20	20	20	20						100	Combination of incentive for early repayment and possible default risk
5% Contingency on loan repayments		(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(13)	Conservative estimate of 4% increase in energy prices per year in real terms
School's repayment from energy savings and FIT		17	17	18	19	19	20	21	22	23	23	198	
Repayment from use of biodiesel		4	4	5	5	5	6	7	7	8	9	60	
Repayment from mileage charge for electric cars		8	8	8	8							32	
Re-purchase of electric cars by Mercedes-Benz						9						9	
Total repayments		62	63	64	65	67	40	42	43	45	47	537	
<b>Regenerated HNLC Low Carbon Fund for future projects</b>		70	138	209	287	373	438	514	593	672	754	799	Includes affiliation scheme income etc

## **Rules of**

### **HOOK NORTON LOW CARBON LIMITED**

*(Registered under the Industrial and Provident Societies Acts 1965-1978)*

#### **NAME**

1. The name of the Society shall be  
  
Hook Norton Low Carbon Limited.

#### **OBJECTS**

2. The objects of the Society shall be to carry on any trade, industry or business for the benefit of the community by

Hook Norton Low Carbon Limited is an Industrial and Provident Society for the benefit of the residents of Hook Norton and the surrounding area, by assisting towards an environmentally and financially sustainable community.

#### **POWERS**

3. The Society shall have power to do all things necessary or expedient for the fulfilment of its objects provided that, in carrying out its objects, the Society shall promote equality of opportunity for all sections of the community in its own affairs and in society generally.

#### **REGISTERED OFFICE**

4. The Registered Office of the Society shall be at:  
  
The Brewery, Brewery Lane, Hook Norton, Oxon, OX15 5NY

#### **MEMBERSHIP**

5. The first members of the Society shall be the signatories to the application for registration (the "Founder Members"). The Committee may at its discretion admit to membership any person or corporate body or the nominee of any unincorporated organisation who supports the objects of the Society and who has paid or agreed to pay the appropriate annual subscription for the time being in force.
6. A person who qualifies under Rule 5 above may apply for membership to the Committee, and upon acceptance and the payment of £1.00 and the annual subscription fee (if any) the Society shall issue to her/him/it one share certificate and shall enter her/his/its name in the register of members. The Committee may refuse any application for membership at its absolute discretion.
7. The Society shall keep at its registered office a register of members in which the Secretary shall enter the following particulars:
  - (a) the name and address of every member;
  - (b) a statement that one share only is held by each member and that £1.00 has been paid on each share;
  - (c) a statement of other property, whether in loans or otherwise, held by each member;

- (d) the date on which each member's name was entered in the register as a member and the date on which any member ceased to be a member;
  - (e) the names and addresses of the Committee members and officers of the Society, of the offices held by them respectively, and the dates on which they assumed and vacated office.
8. A copy of these Rules and any amendments made to them shall be given free of charge to every member upon admission to membership and shall be provided to any other person on demand and on payment of the statutory fee chargeable for the time being in force.

### **CESSATION OF MEMBERSHIP**

9. A member shall cease to be a member if s/he or it:
- (a) resigns in writing to the Secretary; or
  - (b) fails to pay any subscription in respect of membership within three months of its falling due; or
  - (c) is expelled from membership in accordance with Rule 10; or
  - (d) is the nominee of an unincorporated organisation and that organisation replaces her/him as its nominee or is wound up; or
  - (e) being an individual, dies; or
  - (f) being a corporate body, is wound up or goes into liquidation.
- In the event of an individual who is the nominee of an unincorporated organisation ceasing to be a member under clauses (a), (c) or (e) of this Rule, the nominating organisation may with the express consent of the Committee nominate another individual to membership in her/his place.
10. A member may be expelled for conduct prejudicial to the Society by a resolution carried by a majority of at least two-thirds of those members voting at a General Meeting of the Society of which due notice has been given, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the member whose expulsion is to be considered shall be given the opportunity to state her/his/its case to the meeting. If on due notice having been served the member fails to attend the meeting the meeting may proceed in the member's absence.
11. No member expelled from membership shall be re-admitted except by a resolution carried by a majority of at least two-thirds of those members voting at a General Meeting of which due notice has been given.

### **GENERAL MEETINGS**

12. An Annual General Meeting shall be held within six months of the close of the financial year of the Society, the business of which shall comprise:
- (a) The receipt of the accounts and balance sheet and of the reports of the Committee and auditor (if any);
  - (b) The appointment of an auditor (subject to Rule 52 (b));
  - (c) The election of Committee members (or the announcement of the results of the election if held previously by ballot);
  - (d) A decision on the application of any surplus in accordance with Rule 57;
  - (e) The transaction of any other business included in the notice convening the meeting.
13. All General Meetings other than the Annual General Meeting shall be called Special General Meetings.
14. A Special General Meeting shall be convened either upon an order of the Committee or at the request of three members of the Society or ten per cent of the membership, whichever is the greater.

15. An Annual or a Special General Meeting shall be called by at least fourteen days' notice in writing posted or delivered to the address of every member recorded in the register of members, specifying whether the meeting is an Annual or a Special General Meeting and stating the time, date and place at which it is to be held. The notice shall contain details of the nature of the business to be transacted, and no business may be transacted at a General Meeting other than that specified in the notices calling it.
16. A notice sent by post to a member's registered address shall be deemed to have been duly served forty-eight hours after its posting. The accidental omission to send any notice to or the non-receipt of any notice by any member shall not invalidate the proceedings at the meeting.
17. If the Society has appointed an auditor in accordance with Rule 52 (a) they shall be entitled to attend General Meetings of the Society and to receive all notices of and communications relating to any General Meeting which any member of the Society is entitled to receive. The auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an auditor.

### **PROCEEDINGS AT GENERAL MEETINGS**

18. A corporate body which is a member of the Society shall appoint a representative who shall during the continuance of her/his appointment be entitled to exercise in any General Meeting of the Society all such rights and powers as the member organisation would exercise if it were an individual person. The Society shall require such notification of an organisation's appointed representative as the Committee may from time to time decide.
19. No person shall be entitled to vote on any question at a General Meeting other than an individual member of the Society or the duly appointed representative of a corporate body which is a member.
20. No business shall be transacted at a General Meeting unless a quorum is present in person. Unless and until otherwise decided by the Society in General Meeting, a quorum shall be fifty percent of the members of the Society or three members, whichever is the greater.
21. If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned until a day between seven and fourteen days after the date set for the original meeting, and all members shall be given such notice as is practicable. If at such an adjourned meeting a quorum is not present within half an hour after the time set for the meeting, then the members present shall constitute a quorum.
22. The Chairperson of the Society shall preside at every General Meeting. In the event of her/his absence or unwillingness to act, the members present shall choose one of their number to be Chairperson of the meeting.
23. The Chairperson may with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for twenty-one days or more, notice of the adjourned meeting shall be given as in the case of the original meeting; otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
24. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a secret ballot is, before or on the declaration of the result of the show of hands, demanded by at least two members present. Unless a secret ballot be so demanded, a declaration by the Chairperson that a resolution has on a show of hands been carried or lost

with an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against such resolution.

25. If a secret ballot is duly demanded it shall be taken in such a manner as the Chairperson directs, provided that no member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
26. The demand for a secret ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a secret ballot may be withdrawn.
27. Every member shall hold one vote only on each question to be decided at a General Meeting. Except where otherwise specified by these Rules or by the Act, questions shall be resolved by a simple majority of votes cast.
28. In the case of an equality of votes, whether on a show of hands or on a ballot, the Chairperson shall not have a second or casting vote and the resolution shall be deemed to be lost.
29. A resolution in writing signed by all the members for the time being entitled to vote at General Meetings shall be valid and effective as if the same had been passed at a General Meeting duly convened and held and may consist of several documents in the same form each signed by one or more members.

#### **AMENDMENTS TO RULES**

30.
  - (a) Any of these Rules may be rescinded or amended or a new Rule made by a vote of two-thirds of members of the Society voting at a General Meeting of which fourteen clear days' prior notice has been given, such notice to include details of the change(s) to be proposed at that meeting.
  - (b) No amendment of Rules is valid until registered by the Financial Services Authority.

#### **COMMITTEE OF MANAGEMENT**

31. The Society shall have a Committee comprising not less than three and not more than twelve persons. The initial Committee of the Society from incorporation until the first Annual General Meeting shall be appointed by the Founder Members.
32. A Committee member shall, subject to Rule 39 below, hold office until the end of the next Annual General Meeting following her/his election. Retiring members shall be eligible for re-election at the Annual General Meeting at which they retire.
33. New Committee members shall be elected in accordance with such procedures as may be adopted by the Society from time to time, provided that only members of the Society and representatives of organisations which are members may stand for election to, or nominate persons to stand for election to the Committee.
34. The Committee may at any time co-opt any member of the Society or the representative of an organisation which is a member to fill a casual vacancy in the Committee, provided that at no time shall more than one-third of the members of the Committee be co-opted members. A casual vacancy shall be deemed to exist if the number of Committee members should drop below the minimum prescribed in these Rules or below the number elected at the preceding Annual General Meeting.
35. In the event that the size of the Committee should drop below the minimum number of members prescribed in these Rules, the members of the Committee may act to increase their number or to call a General Meeting of the Society, but for no other purpose.

36. A Committee member shall declare an interest in any contract or matter in which s/he has a personal material or financial interest, whether directly or indirectly, and shall not vote in respect of such contract or matter except where that interest is shared with a majority of the other members of the Committee.
37. Committee members shall only be entitled to fees or remuneration for services actually rendered to the Society, whether as employees or otherwise.
38. Committee members may be paid all reasonable and proper expenses incurred by them in attending and returning from meetings of the Committee or General Meetings of the Society or in connection with the business of the Society.
39. The office of Committee member shall be immediately vacated if s/he:
  - (a) resigns her/his office in writing to the Society; or
  - (b) ceases to be a member of the Society for any reason whatsoever (or is the representative of a corporate body which ceases to be a member); or
  - (c) is removed from office by a majority vote of the Society in General Meeting, the notices for which specified that the question of the Committee member's removal was to be considered; or
  - (d) in the opinion of a majority of the Committee, fails to declare her/his interest in any contract as referred to in Rule 36; or
  - (e) is absent from three successive meetings of the Committee during a continuous period of twelve months without special leave of absence from the Committee and they decide that s/he has by reason of such absence vacated office; or
  - (f) becomes bankrupt or, in the opinion of a majority of the Committee, incapable on medical or psychological grounds of carrying out the functions of a Committee member.

### **HONORARY OFFICERS**

40. Members of the Committee shall elect a Chairperson, Secretary and Treasurer of the Society from amongst their own number. Any honorary officer so appointed may be removed or replaced by a majority vote of the Committee at any time, or by a majority vote of the members at a Special General Meeting the notices for which specified that the matter was to be raised.

### **POWERS AND DUTIES OF THE COMMITTEE**

41. The business of the Society shall be managed by the Committee who may pay all expenses of the formation of the Society as they think fit and may exercise all such powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society in General Meeting, including the setting of annual subscriptions for members.
42. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Society shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Committee shall from time to time direct.
43. The Committee may delegate any of its functions to sub-committees made up of members of the Committee and such other persons as it sees fit. Any sub-committee so formed shall in the exercise of its powers conform with any regulations imposed upon it by the Committee, which shall always include the requirement for regular and prompt reports back to the Committee.

### **PROCEEDINGS AT COMMITTEE MEETINGS**

44. The Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The Secretary shall at the request of two or more Committee members summon a meeting of the Committee at any reasonable time by giving all Committee members reasonable notice of the date, time and venue for the meeting and the general nature of the business to be considered.
45. Unless and until otherwise decided by the Society in General Meeting, the quorum necessary for the transaction of business at a Committee meeting shall be one half of the members of the Committee or three members, whichever is the greater; provided that no meeting shall be quorate if one half or more of those present are co-opted Committee members.
46. At every Committee meeting the Chairperson shall preside, but in the event of her/his absence or unwillingness to act the members present shall choose one of their number to be Chairperson of the meeting.
47. The Committee shall cause proper minutes to be made of all the proceedings of the Society, of the Committee and of any sub-committees. All such minutes shall be open to inspection by any member of the Committee at all reasonable times.
48. Questions arising at Committee meetings shall be decided by a majority of votes of those present. In the event of a tied vote the Chairperson shall not have a second or casting vote and the resolution shall be deemed to be lost.
49. A resolution in writing signed by all the members for the time being entitled to vote at meetings of the Committee shall be valid and effective as if the same had been passed at a meeting duly convened and held and may consist of several documents in the same form, each signed by one or more members.

## **SHARE CAPITAL**

50. The shares of the Society shall be of the nominal value of £1.00 each issued to persons upon admission to membership of the Society. The shares shall be neither transferable nor withdrawable, shall carry no right to interest, dividend or bonus, and shall be forfeited and cancelled on cessation of membership from whatever cause, and the amount paid up on such cancelled shares shall become the property of the Society. Each member shall hold one share only in the Society.

## **BORROWING**

51.
  - (a) The Society shall have power to borrow money for the purposes of the Society, including the issue of loan stock, providing that the amount owed shall not exceed £10,000,000.
  - (b) The Society shall have power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, to issue debentures and other securities for money borrowed or for the performance of any contracts of the Society or bodies having dealings with the Society.
  - (c) The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or on mortgage from a Building Society or Local Authority shall not exceed 6½% per year or 3% above the base lending rate of the Society's bankers from time to time, whichever is the higher.
  - (d) The Society may receive from any persons donations or loans free of interest towards its work. The Society shall not accept deposits.

## **AUDITORS**



52. (a) Subject to clause (b) below, the Society shall appoint in each financial year an auditor qualified under section 7 of the Friendly and Industrial and Provident Societies Act 1968 to audit the Society's accounts and balance sheet for the year.
- (b) The Society shall (subject to Rule 52 (c)) be exempt from the obligation to appoint a qualified auditor if during the preceding financial year it met such criteria regarding low levels of income and/or expenditure or other factors as to qualify it for statutory exemption from the need to appoint qualified auditors.
- (c) The members of the Society shall in general meeting vote every year to allow the Society to apply the audit exemption. Such a resolution will be deemed to have been passed if less than twenty per cent of the total number of votes cast are against the resolution and less than ten per cent of the members of the Society cast their votes against the resolution.
- (d) None of the following persons shall be appointed as auditor of the Society:
- an officer or employee of the Society;
  - a person who is a partner or employee of or who employs an officer of the Society.
- (e) The first appointment of an auditor shall be made within three months of the registration of the Society and shall be made by the Committee if no General Meeting is held within that time. The Committee may appoint an auditor to fill a casual vacancy occurring between General Meetings. Except as specified in these cases, every appointment of an auditor shall be made by a resolution of a General Meeting of the Society.
- (f) An auditor for the preceding financial year shall be re-appointed as auditor of the Society for the current financial year unless:
- (i) a resolution has been passed at a General Meeting appointing someone else as auditor or providing expressly that s/he shall not be re-appointed; or
  - (ii) s/he has given notice in writing to the Society of her/his unwillingness to be re-appointed; or
  - (iii) s/he is ineligible for appointment as auditor of the Society for the current financial year; or
  - (iv) s/he has ceased to act as auditor of the Society by reason of incapacity.
- (g) Any resolution of a General Meeting of the Society either to remove an auditor from office or to appoint another person as auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least twenty-eight days prior to the meeting at which the resolution is to be considered. At least fourteen days' notice of such resolution must then be given to members of the Society in the manner prescribed in Rule 15 and in writing to the auditors.

## ANNUAL RETURN

53. Every year and within the period prescribed by statute, the Secretary shall send to the Financial Services Authority the annual return, in the form prescribed by the Financial Services Authority, relating to its affairs for the period required by the Act to be included in the return together with:
- (a) a copy of the report of the auditor on the Society's accounts for the period included in the return or a copy of such other report (if any) as is required by statute for such period and;
  - (b) a copy of each balance sheet made during that period and of the report (if any) of the auditor or other appropriate person as required by statute on that balance sheet.
54. The Society shall on demand supply free of charge to any member, or to any person with an interest in the funds of the Society, a copy of the latest annual return together with a copy of the auditor's report on the accounts and balance sheet contained in the return.
55. The Society shall at all times keep a copy of the latest balance sheet of the Society together with a copy of the corresponding auditor's report hung up in a conspicuous place at the registered office.

## **PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER**

56. (a) Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the Society belonging to the deceased or bankrupt member, the Society shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
- (b) A member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Society at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a member who has made a nomination the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the person entitled thereunder.

## **APPLICATION OF SURPLUS**

57. Any surplus generated by the Society shall be applied as follows, in such manner and in such proportion as the members may decide at the Annual General Meeting:
- (a) to the continuation and development of the Society;
  - (b) to making payments for social and charitable purposes.

## **SEAL**

58. If the Society has a seal it shall be kept in the custody of the Secretary and used only by the authority of the Committee of Management. Sealing shall be attested by the signature of two members of the Committee of Management or of one member of the Committee of Management and the Secretary for the time being. If the Society does not have seal, a document which would have previously required to be sealed, should be signed by a member of the Committee of Management and secretary or two members of the Committee of Management and accompanied by a written statement that the document has been executed by the society as if under common seal.

## **INVESTMENT OF FUNDS**

59. The Society may invest any part of its funds in the manner set out in Section 31 of the Industrial and Provident Societies Act 1965.

## **REGULATIONS**

60. The Society in General Meeting or the Committee may from time to time make, adopt and amend such regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they may think fit for the management, conduct and regulation of the affairs of the Society and the proceedings and powers of the Committee and sub-committees. No regulation shall be made which is inconsistent with these Rules or the Act. All members of the Society and the Committee shall be bound by such regulations whether or not they have received a copy of them.

## **DISSOLUTION**

61. The Society may be dissolved by the consent of three-quarters of the members by their signatures to an instrument of dissolution, or by winding up in a manner provided by the Act. If on the winding up or dissolution of the Society any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the members, but shall be transferred instead to some other non-profit body or bodies subject to at least the same degree of restriction on the distribution of surpluses and assets as is imposed on this Society

by virtue of these Rules, as may be decided by the members at the time of or prior to the dissolution.

### DISPUTES

62. In the event of a dispute between the Society or its Committee and a member of the Society or a former member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute. The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the County Court (or in Scotland, to the Sheriff).

### INTERPRETATIONS

63. In these Rules, "the Act" refers to the Industrial & Provident Societies Acts 1965 to 1978 or any Act or Acts amending or in substitution for them for the time being in force.

Signatures of Founder Members

Full Names in BLOCK CAPITALS (no initials)

1. ....

.....

2. ....

.....

3. ....

.....

Secretary: .....

.....

- CO-OPERATIVES<sup>UK</sup> 1996 (amended 2002) -



# Hook Norton Low Carbon Limited

## Membership form/registration of interest

Name: .....

Address: .....

Postcode: .....

Telephone (optional): .....

Mobile (optional): .....

E-mail (optional): .....

Preferred contact method:      E-mail ☐      Post ☐      Text ☐

I would like to register my interest in:

- joining Green Energy for my electricity supply (available now) ☐
- joining the Phone Co-op for phone and broadband (available now) ☐
- the Whole House Retrofit loan scheme (available from June 2010) ☐
- the Home Improvement loan scheme (available from June 2010) ☐

I am considering doing the following:

.....  
.....

I would like to become a member of Hook Norton Low Carbon Limited  
(please enclose a £1 membership fee). ☐

Signed: ..... Date: .....

.....  
If you would like to get involved with the delivery of the projects, please fill in the  
contact details above and complete the following:

Company name: .....

Trade/profession: .....

Relevant accreditations (e.g. FENSA, MCS, Gas Safe etc.):

.....

Return this form to the company secretary at 26 The Bourne, Hook Norton or place  
in the special HNLC post boxes in the Post Office and village shop.

For further information, please e-mail [info@hn-lc.org.uk](mailto:info@hn-lc.org.uk) or drop a note into one of  
the HNLC post boxes.



# Hook Norton Low Carbon Limited

## HOME IMPROVEMENT SCHEME/ WHOLE HOUSE RETROFIT PRE-APPLICATION FORM 2010

Hook Norton Low Carbon Limited (HNLC) has been set up to help the community reduce energy use and carbon emissions. For householders, this is being done by;

- providing advice to householders on home improvement measures
- using buying power to provide lower cost materials, installations and service supplies
- making money available to householders in the form of interest free loans

If you are interested in any of the above, your first step is to fill in this form and return to HNLC.

We will use this information to help us decide in principle whether we can offer you a Home Improvement loan or other advice and support. We hope to get back to you in the next month.

If you would like further information to assist your completion of the form, please refer to the guidance notes on our website, or contact us at [homeimprovements@hn-lc.org.uk](mailto:homeimprovements@hn-lc.org.uk) with your queries or to request a home visit.

### A BIT ABOUT YOU

If you are already a member of HNLC, you only need to provide your name and share certificate number in this section

If you are not, you will need to be a member to benefit from the services we provide. So please join, it's only £1.

Name \_\_\_\_\_ Share Number \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_  
Telephone \_\_\_\_\_ Mobile (optional) \_\_\_\_\_  
Email (optional) \_\_\_\_\_

Preferred contact method    Email ☐    Post ☐    Text ☐    I'd like to become a member ☐

### A BIT ABOUT YOUR PROPERTY

This will help us with any advice we provide and to assess your application

Property type:    Detached ☐    Semi-detached ☐    Bungalow ☐  
Mid Terrace ☐    End Terrace ☐    Flat ☐    Top Floor Flat ☐  
Approximate building age (if known)    0-20 years ☐    21-50 years ☐    Over 51 years ☐  
Is your building -    in a Conservation Area ☐    Listed ☐    Neither ☐  
Existing primary heating fuel source:    Oil ☐    LPG ☐    Coal ☐  
Electric ☐    Wood chip ☐    Heat pump ☐  
Other \_\_\_\_\_  
Existing primary hot water source:    Boiler ☐    Immersion ☐    Solar panels ☐  
Are you currently on a green energy electricity tariff    Yes ☐    No ☐  
Are you already or planning to have work carried out    Yes ☐    No ☐

If you are, now is the time to act. Please provide basic details \_\_\_\_\_

Please tick to confirm you are the home owner    Yes ☐    No ☐

If you are not the homeowner, we may be able to help you. Please contact us to discuss your circumstances.

## WHAT WOULD YOU LIKE TO DO?

Please tick all that apply

	Would like to install	Would like advice about	Have installed already		Would like to install	Would like advice about	Have installed already
<b>Basic Measures</b>				<b>Insulation</b>			
Energy saving light bulbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Solid wall insulation (external)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Draughtproofing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Solid wall insulation (internal)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hot water tank jacket	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cavity wall insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulated pipes (heating & hot water)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Floor insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loft insulation (300mm)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Double glazing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other roof insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insulated wall paper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Flat roof insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Reflective radiator panels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Microgeneration</b>				<b>Heating Systems</b>			
Solar Photovoltaic (Electric)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Heating Controls upgrade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solar Thermal (Hot water)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Boiler upgrade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wood burning stove	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wood fuelled boiler (Biomass)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ground/water source heat pumps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Air source heat pumps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

### Other/ Notes

If you have another proposal (e.g. water saving measures) or project (e.g. DIY, larger project) you would like us to consider, please provide details. This is your company, so let us know what you would like.

## HOW WOULD YOU LIKE US TO HELP?

Please tick as many as apply

- I would like advice and help on energy saving home improvements I could make to my home ☐
- I would like to apply for a HNLC Home Improvement Scheme loan ☐
- I would like to benefit from lower installation prices available through HNLC ☐

If you would like a loan, how much would you like to borrow?

- Up to £5,000 (typically 3 year payback)
- Up to £10,000 (typically 5 year payback)
- Over £10,000 (typically 10 year payback)

If you would like a repayment period different to those noted above, please let us know.

## AND FINALLY

Once complete, please return by

email to [homeimprovements@hn-lc.org.uk](mailto:homeimprovements@hn-lc.org.uk)

post to Secretary, Hook Norton Low Carbon Limited, 26 The Bourne, Hook Norton. OX15 5PD

## Loan Agreement

**Agreement** dated                      day of                      2010

### **Between:**

- (1)     [] of []
- (2)     Hook Norton Low Carbon Limited, Mutual Society number 30817 R (FSA registered), whose registered office is at The Brewery, Brewery Lane, Hook Norton, Oxon, OX15 5NY

### **Background**

- A.     **The Borrower** wishes to borrow the Loan Amount to carry out the Agreed Works.
- B.     Lender is willing make the Loan Amount available to the **Borrower** on the following terms.

NOW IT IS AGREED as follows:

### **1. Definitions and interpretation**

In this Agreement:

- 1.1     'Agreed Works' means the works set out in Schedule 1;
- 1.2     'Interest' means the interest in the Agreed Sum as set out in clause 4;
- 1.3     'the Loan Amount' means an unsecured loan facility of up the amount specified in Schedule 1;
- 1.4     'Property' means the property belonging to the **Borrower** where the Agreed Works are carried out, as set out in clause 3.1;
- 1.5     'Term' means the period specified in Schedule 1;
- 1.6     Terms defined in the Companies Act 2006 have the same meanings herein;
- 1.7     References to any individual include his personal representatives and successors by operation of law;
- 1.8     References to 'the Lender' include its permitted assigns;
- 1.9     References to any statute or statutory provision include a reference to:
  - 1.9.1     that statute or statutory provision as from time to time amended extended re-enacted or consolidated; and
  - 1.9.2     all statutory instruments or orders made pursuant to it;



- 1.10 Words denoting the singular shall include the plural and vice versa;
- 1.11 Words denoting any gender include all the genders and words denoting persons shall include firms and corporations and vice versa;
- 1.12 References to clauses or schedules are to clauses of or schedules to this Agreement;
- 1.13 The clause headings are for convenience only and shall not be taken into account in the interpretation of this Agreement.

## **2. The Loan**

- 2.1 The Lender hereby agrees to loan the Loan Amount to the **Borrower**, to be drawn down in several tranches, for the 'Term', and to be subject to the terms of this Agreement.

## **3. Agreed Works**

- 3.1 The **Borrower** shall use the Loan Amount to carry out the Agreed Works.
- 3.2 When commissioning and installing technology to carry out the Agreed Works, the **Borrower** shall only use suppliers authorised by the Lender, as set out in Schedule 2.
- 3.3 The Lender is not obliged to monitor or verify how any amount advanced under this agreement is used.

## **4. Interest**

- 4.1 The Loan Amount shall not bear Interest.

## **5. Conditions Precedent**

- 5.1 This clause 5 is inserted solely for the benefit of the Lender.
- 5.2 The Lender is not obliged to lend the Loan Amount, until the **Borrower** has provided the Lender with all the documents and evidence specified in Schedule 3 in the form and containing the information that it requires.

## **6. Unilateral Notice**

- 6.1 From the date of this Agreement until the Loan Amount is repaid in full the Lender will apply for and maintain a unilateral notice on the Property at the Land Registry.

## **7. Immediate repayment**

Notwithstanding anything contained in this Agreement, the Loan Amount shall become immediately payable on demand and the Lender shall be entitled to terminate this Agreement by notice in writing to the **Borrower** if at any time:

- 7.1 the **Borrower** fails to pay any money due under this Agreement within 28 days of the due date; or

7.2 the **Borrower** commits any breach of this Agreement and in the case of any breach capable of remedy fails to remedy the breach within 28 days of being required in writing by the Lender to do so; or

7.3 the **Borrower** disposes of all or part of the property at which the Agreed Works are carried out by any means, including the sale or lease of the property.

## **8. Covenants by the Borrower**

8.1 The **Borrower** covenants with the Lender that so long as any part of the Loan Amount or any interest due in respect of the Loan Amount is outstanding (and unless the Lender agrees otherwise in writing) the **Borrower** will:

8.1.1 Ensure that the necessary maintenance is carried out to maintain any technology purchased pursuant to achieving the Agreed Works in good working order;

8.1.2 Not challenge the validity of any unilateral notice that the Lender applies for at the Land Registry relating to the Property pursuant to this Agreement; and

8.1.3 Immediately inform the Lender if the **Borrower** intends to dispose or alter their interest in all or part of the Property by any means, including by sale or lease to another party.

## **9. Warranties**

9.1 The **Borrower** warrants that it has supplied the Lender with the documentation in Schedule 3.

9.2 The Borrower further represents and warranties that it has all necessary authority to carry out the Agreed Works at the Property and acknowledges that the Lender has entered into the Agreement in reliance of this.

## **10. Repayment**

10.1 The **Borrower** shall repay the Loan Amount in equal instalments as set out in Schedule 1.

## **11. Duration**

11.1 This Agreement shall remain in force for the Term unless terminated earlier either:

11.1.1 by full repayment in accordance with clause 10; or

11.1.2 in accordance with clause 7.

Upon termination any part of the Loan Amount drawn down but not repaid shall immediately be paid by the **Borrower** to the Lender.

## **12. Third party rights**

No person who is not a party to this Agreement shall have any right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

**13. Notices**

Any notice given pursuant to this Agreement shall be in writing and shall be sufficiently given if sent in a prepaid letter by ordinary post addressed to either party at the address quoted in this Agreement or such other address as may be advised by it to the other from time to time and any notice so given shall be deemed unless the contrary is proved to have been effected at the time at which the letter would be delivered in the ordinary course of post.

**14. Governing Law**

This Agreement shall be governed by and construed in accordance with English law.

**15. Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or the consequences of its nullity).

AS WITNESS this Agreement was entered into the day and year first above written

Signed by .....

.....

Name

and

.....

.....

Name

For and on behalf of the **Borrower**

Signed by .....

.....

Name

and

.....

.....

Name

For and on behalf of the **Lender**

## Schedule 1

### Loan Terms

1. The Loan Amount shall be []
2. The Agreed Purpose shall be to [carry out home improvements to]
3. The Term of the loan shall be [ years]
4. The **Borrower** shall repay the Loan Amount in equal monthly instalments of £[] on [1<sup>st</sup> day] of [each month] in each of the years [2011], [2012], [2013], [2014], [2015], [2016], [2017], [2018], [2019], and [2020].
5. The date of the first repayment shall be []

## Schedule 2

### Agreed Suppliers

The suppliers listed under the quotes supplied by the **borrower** in schedule 3 are authorised by the Lender as set out below.

NB. Southern Solar, SolarTech and Photon Energy have all been selected as part of a HNLC Limited tender process for provision of Solar PV systems (for electricity generation), Southern Solar and SolarTech have been selected for Solar Thermal systems (for hot water generation). Householders are able to put forward alternative suppliers for these and other installations (with quotes attached – see schedule 3) HNLC Limited reserves the right to vet the proposed suppliers.

## Schedule 3

### Conditions Precedent

The Borrower must provide the Lender with documentation to evidence that the Borrower has all necessary authority to carry out the Agreed Purpose including (**borrower** to tick):

- ☐ Evidence of Land title
- ☐ Necessary permissions (where relevant)
- ☐ Quotes for work to be carried out at the property
- ☐ Confirmation from the **borrower** that the work will be completed by 31<sup>st</sup> March 2011