

SCHEDULE 1- VARIATIONS TO THE PRINCIPAL AGREEMENT

1. A new clause 1.8 shall be added to the Principal Agreement as follows:

"1.8 *A reference to a Rentplus Lease includes any deed, licence, consent, approval or other instrument supplemental to it.*"

2. A new clause 1.9 shall be added to the Principal Agreement as follows:

"1.9 *A 'person' includes a natural person corporate or unincorporated body (whether or not having a separate legal personality).*"

3. In clause 2 (Definitions) of the Principal Agreement:

- 3.1. The definition of "Affordable Housing" shall be deleted and replaced with:

"Affordable Housing" as defined by the National Planning Policy Framework (NPPF) including Social Rented Units, Affordable Rented Units, Affordable Rentplus Dwellings and Intermediate Affordable Housing, provided to eligible households, the total cost of which (including service charges) will be available and affordable to persons whose needs are not met by the market".

- 3.2. The definition of "Affordable Housing Units" shall be deleted and replaced with:

"Affordable Housing Units" means 27% of the Qualifying Residential Units to be built pursuant to the Planning Permission and to be provided as Affordable Housing in accordance with:

- a) *the Affordable Housing Master Plan; and*
- b) *the Affordable Housing Phasing Plan*

(unless otherwise agreed by the Council and the Owner in writing) PROVIDED THAT units 212 – 217 (inclusive) may be provided as Social Rented Housing and units 168-173 (inclusive) may be provided as Intermediate Affordable Housing

3. *The Affordable Rentplus Dwellings shall be available to tenants under fixed term assured shorthold tenancy agreements of up to five years ("Tenancies") some of which Tenancies will be renewable for further terms of up to five years to a maximum aggregate term for any individual Affordable Rentplus Dwelling of twenty years (i.e. four consecutive five year terms). Dwellings shall be let at an Affordable Intermediate Rent.*
4. *During the term of the Tenancies the Registered Provider will operate and manage the Affordable Rentplus Dwellings under the Rentplus Leases.*
5. *The Affordable Rentplus Dwellings will be offered for sale to existing tenants of Affordable Rentplus Dwellings (and others) pursuant to the provisions of Part 2 of this Sixth Schedule.*
6. *The Registered Provider will have the option to purchase and retain any Affordable Rentplus Dwelling for Affordable Housing where there is no tenant who wishes to purchase the Affordable Rentplus Dwelling offered for sale, pursuant to the provisions of Part 2 of this Sixth Schedule.*

PART 2 - OPERATION OF THE RENTPLUS MODEL

1. Definitions:

In this Part 2 of the Sixth Schedule the below terms shall have the following definitions:

<i>Affordable Rent</i>	<i>means a rent at commencement of a tenancy which does not exceed 80% of the local Open Market Rent (inclusive of service charges) for the relevant property type which shall not exceed the published Local Housing Allowance for the relevant property type and in the relevant rental area</i>
<i>Commencement Date</i>	<i>means the commencement of the term of a Rentplus Lease which shall be on a date which is on or before 30 days from the date the Affordable Rentplus Dwelling is practically complete being ready and available for use and occupation.</i>

<i>Five Year Period</i>	<i>means a five year period during the term of a Rentplus Lease. The first Five Year Period commences on the Commencement Date, the second Five Year Period commences on the fifth anniversary of the Commencement Date, the third Five Year Period commences on the tenth anniversary of the Commencement Date and the fourth Five Year Period commences on the fifteenth anniversary of the Commencement Date.</i>
<i>Open Market Value</i>	<i>means the market value (as defined in the definition of Valuation Standards (paragraph VS3.2) of the RICS Valuation – Professional Standards incorporating the IVS, Global and UK edition (March 2012) or any replacement thereof current at the relevant time of the valuation of the Affordable Rentplus Dwelling, disregarding any occupational or Section 106 restrictions that may apply.</i>
<i>Planned Disposals</i>	<i>means the disposals of the Affordable Rentplus Dwellings on or as soon as practicable after the Planned Disposal Dates in accordance with this Deed.</i>
<i>First Planned Disposal Date</i>	<i>means the fifth anniversary of the Commencement Date.</i>
<i>Second Planned Disposal Date</i>	<i>means the tenth anniversary of the Commencement Date.</i>
<i>Third Planned Disposal Date</i>	<i>means the fifteenth anniversary of the Commencement Date.</i>
<i>Fourth Planned Disposal Date</i>	<i>means the day immediately following the end of the Fourth Five Year Period.</i>
<i>Planned Disposal Dates</i>	<i>means together the First Second Third and Fourth Planned Disposal Dates.</i>
<i>RP</i>	<i>means the Registered Provider holding the Rentplus Lease as tenant</i>
<i>RP Break Event</i>	<i>means an event which gives the RP the right to determine the Rentplus Lease as follows:</i> <i>(a) an Affordable Rentplus Dwelling remains vacant during any Five Year Period after being offered for letting for a period exceeding three months; or</i>

	<i>(b) an Affordable Rentplus Dwelling has fallen vacant within the period of two years prior to the end of a Five Year Period.</i>
<i>Rentplus Buyer Break Events</i>	<i>means (a) the occurrence of an event described in the Rentplus Lease which provides a right for the Rentplus Buyer to terminate the Rentplus Lease if the rent payable under the Rentplus Lease when reviewed on each fifth anniversary of the Commencement Date results in a reviewed rent which is less than the Affordable Rent reserved in the Tenancy Agreement granted out of that Rentplus Lease at the Commencement Date; and</i> <i>(b) the right to serve up to 12 months notice (but no less than 3 months' notice) to break the Rentplus Lease on either the fifth, tenth or fifteenth anniversaries of the Commencement Date to facilitate the Planned Disposals in accordance with paragraph 2 of this Part 2 of the Sixth Schedule.</i>
<i>Tenancy Agreement</i>	<i>means a fixed term assured shorthold tenancy of an Affordable Rentplus Dwelling let by a Registered Provider on an Affordable Intermediate Rent for a term of up to five years.</i>

2. Planned Disposals of Affordable Rentplus Dwellings

The Affordable Rentplus Dwellings may be sold by the Rentplus Buyer at Open Market Value on or after the Planned Disposal Dates in tranches with priority and precedence as described below:

2.1 *Up to 25% (and where 25% produces a fraction the nearest whole number of Affordable Rentplus Dwellings that is a minimum of 25% of the total number of Affordable Rentplus dwellings at the Site) of the number of the Affordable Rentplus Dwellings at the Site may be offered for sale during the first Five Year Period provided completion of such sales shall not occur before the First Planned Disposal Date offered as follows:*

(a) first to the tenant in occupation of the Affordable Rentplus Dwelling on the following terms:

(i) the Rentplus Buyer either will gift a 10% deposit, or gift a 10% discount of the Open Market Value to the tenant

(‘Offer Tenant’) on the sale of the Affordable Rentplus Dwelling (the “Gifted Deposit/Discount”); and

- (ii) that on each and every disposal (which includes entering into a contract to dispose) of an Affordable Rentplus Dwelling within two years of the date of purchase from the Rentplus Buyer, all or a part of the Gifted Deposit/Discount shall be repayable to the Rentplus Buyer on such disposal or disposals applying the following formula further provided such formula yields a positive sum and further provided that the sum repayable to the Rentplus Buyer is subject to a maximum cap of the amount of the Gifted Deposit/Discount in aggregate on all disposals:*

Formula:

$$A - (B - C) = D$$

Where:

A = Price for which the Affordable Rentplus Dwelling is sold within 2 years of the sale by the Offer Tenant

B = Open Market Value

C = Gifted Deposit/Discount

D = Amount to be repaid (subject to a maximum of the value of C in aggregate for all disposals).

By way of illustration:

A = £160,000; (or A = £140,000 A = £130,000) B = £150,000 C = £15,000

£160,000 – (£150,000 – £15,000) = £25,000 i.e. £15,000 is repayable (no subsequent disposal will trigger a further repayment by the Offer Tenant).

£140,000 – (£150,000 – £15,000) = £5,000 i.e. £5,000 is repayable (in aggregate on any subsequent disposal(s) within the two year period a further sum of up to £10,000 may be repayable).

£130,000 – (£150,000 – £15,000) = -£5,000 i.e. nothing is repayable (in aggregate on any subsequent disposal(s) within the two year period a further sum of up to £15,000 may be repayable).

provided that the liability to repay the whole or part of the Gifted Deposit/Discount shall not be binding on a mortgagee or chargee of the Affordable Rentplus Dwelling.

(iii) If after 28 days of making an offer to sell as described above the Offer Tenant has not accepted the offer, or an offer having been accepted the said offer the Offer Tenant does not complete his purchase of the Affordable Dwelling (the Rentplus Buyer having made reasonable endeavours to complete the Planned Disposal to the Offer Tenant) on or within 28 days after the First Planned Disposal Date an offer may be made:

(b) next, either to a tenant living in another Affordable Rentplus Dwelling on the Site, or to a tenant living in another Affordable Rentplus Dwelling owned by the same Rentplus Buyer elsewhere in the Council area ('a Substituted Tenant') on the following terms:

(i) the same provisions as in paragraphs 2, 2.1 (a) (i) and (ii) of Part 2 of this Sixth Schedule shall apply; and

(ii) if after 28 days of making an offer to sell as described above the Substituted Tenant has not accepted the offer, or an offer having been accepted by the Substituted Tenant the Substituted Tenant does not complete his purchase of the Affordable Rentplus Dwelling (the Rentplus Buyer having made reasonable endeavours to complete the Planned Disposal to the Substituted

Tenant) on or within 28 days after the First Planned Disposal Date an offer may be made next:

(c) to the RP (provided that if the RP has confirmed in writing to the Rentplus Buyer at any time that it does not require an offer to be made to the RP the offer may be made but is not required to be made to any other Registered Provider) for purchase at Open Market Value on the following terms:

- (i) the same provisions as in paragraphs 2, 2.1 (a) (i) and (ii) of Part 2 of this Sixth Schedule shall apply save that the RP will only benefit from a discount equivalent to the Gifted Deposit/Discount provided the RP retains the Affordable Rentplus Dwelling for letting at an Affordable Rent or social rent; or*
- (ii) if the RP at its discretion acquires the Affordable Rentplus Dwelling for Shared Ownership with the Offer Tenant or a Substituted Tenant in which event the Gifted Deposit/Discount will be allocated between the Registered Provider and the Offer Tenant or Substituted Tenant as the case may be in accordance with their respective interests in the Affordable Rentplus Dwelling; and*
- (iii) if after 10 days of making an offer to sell to the RP as described above the RP has not accepted the offer, or an offer having been accepted the RP does not complete its purchase of the Affordable Dwelling (the Rentplus Buyer having made reasonable endeavours to complete the Planned Disposal to the RP) on or within 28 days after the First Planned Disposal Date an offer may be made;*

(d) for sale of the Affordable Rentplus Dwelling on the open market.

2.2 Where open market sales of Affordable Rentplus Dwellings are completed pursuant to paragraph 2.1 (d) of Part 2 of this Sixth Schedule, seven and one half a percent (7.5%) of the gross sale proceeds will be paid to the Council within 90 Working Days of the Completion of the sale or such other

time period agreed in writing with the Council (such agreement not to be unreasonably withheld, with the intention that such funds will be used by the Council for the provision of future Affordable Housing at its sole discretion.

2.3 Up to 25% (and where 25% produces a fraction the nearest whole number of Affordable Rentplus Dwellings that is a minimum of 25% of the total number of Affordable Rentplus dwellings at the Site) of the Affordable Rentplus Dwellings at the Site may be offered for sale as set out in paragraph 2.1 of this Part 2 of this Sixth Schedule during the second Five Year Period provided completion of such sales shall not occur before the Second Planned Disposal Date.

2.4 Up to 25% (and where 25% produces a fraction the nearest whole number of Affordable Rentplus Dwellings that is a minimum of 25% of the total number of Affordable Rentplus dwellings at the Site) of the Affordable Rentplus Dwellings at the Site may be offered for sale as set out in paragraph 2.1 of this Part 2 of this Sixth Schedule during the third Five Year Period provided completion of such sales shall not occur before the Third Planned Disposal Date.

2.5 During the fourth Five Year Period the remaining Affordable Rentplus Dwellings which are unsold at the Site may be offered for sale as set out in paragraph 2.1 of this Sixth Schedule provided that completion of such sales shall not occur before the Fourth Planned Disposal Date.

3. Other circumstances permitting the sale of an Affordable Rentplus Dwelling

3.1 In addition to the sales on or after the Planned Disposal Dates, Affordable Rentplus Dwellings may be sold by the Rentplus Buyer in the following circumstances on:

- (a) a RP Break Event occurring and the Rentplus Lease terminating; or*
- (b) a Rentplus Buyer Break Event occurring and the Rentplus Lease terminating;*

the Rentplus Buyer may offer the Affordable Rentplus Dwellings for which the Rentplus Lease has terminated pursuant to sub paragraphs 3 (a) and 3 (b) of

Part 2 of this Sixth Schedule for sale on the open market provided that seven and one half a percent (7.5%) of the gross sale proceeds will be paid by the Rentplus Buyer to the Council, on the same basis as set out in paragraph 2.2 of this Part 2 of this Sixth Schedule provided always that any sales of Affordable Rentplus Dwellings pursuant to clause 3(a) will be in substitution for rather than in addition to any sales relating to the Planned Disposal Dates pursuant to paragraph 2.1 of Part 2 of this Sixth Schedule so that the total number of sales of Affordable Rentplus Dwellings pursuant to paragraph 3(a) of Part 2 of this Sixth Schedule shall not exceed 25% of the original number of Affordable Rentplus Dwellings at the Site in any Five Year Period without the written approval of the Council provided that such restriction on the number of sales of Affordable Rentplus Dwellings shall not apply to the sale of Affordable Rentplus Dwellings pursuant to paragraph 3 (b) of Part 2 of this Sixth Schedule.

4. Oversubscription for Sale

If there are more tenants wishing to purchase their Affordable Rentplus Dwellings than are available under the Planned Disposals pursuant to paragraph 2, additional Affordable Rentplus Dwellings may be sold if approved by the Council in writing such approval not to be unreasonably withheld."

The Common seal of)

MID DEVON DISTRICT)

COUNCIL)

Was affixed in the presence of)

seal no 10635

SW /

Signature