

DATED _____

DOLPHIN LIVING LIMITED

and

[PARTICIPANT]

AGREEMENT FOR PARTICIPATION IN THE WESTMINSTER
HOME OWNERSHIP ACCELERATOR SCHEME

IMPORTANT WARNINGS:

**YOU MUST READ THIS AGREEMENT FULLY BEFORE
SIGNING IT AND ONLY SIGN IT IF YOU WANT TO BE
LEGALLY BOUND BY ITS TERMS.**

**YOU SHOULD ONLY SIGN THIS DOCUMENT IF YOU HAVE
FIRST TAKEN INDEPENDENT LEGAL ADVICE.**



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WESTMINSTER HOME OWNER ACCELERATOR SCHEME PARTICIPATION AGREEMENT

DATE

PARTIES

This legally binding agreement is made between the following parties:

- (1) DOLPHIN LIVING LIMITED (a registered society under the Co-Operative and Community Benefit Societies Act 2014 with number 32446R) of 4th Floor, 11 Belgrave Road, London SW1V 1RB ("**We**" and "**Us**" with "**Ours**" being construed appropriately); and
- (2) [] of [] ("**You**" and "**Your**")

IT IS AGREED AS FOLLOWS

1. STATUS OF THIS AGREEMENT

- 1.1 This agreement is legally binding on You and on Us.
- 1.2 You should only sign this agreement after:
 - 1.2.1 You have read and understood the whole agreement; and
 - 1.2.2 You have taken legal advice on its meaning and provisions.
- 1.3 Please sign here by way of confirmation that You have read and understood the whole agreement and have taken legal advice on its meaning and provisions:

Signature

Print full name

2. PURPOSE OF THIS AGREEMENT

- 2.1 This document sets out the rules of the Westminster Home Owner Accelerator Scheme (the "**Scheme**") and governs the relationship between You and Us in relation to the Scheme.
- 2.2 The purpose of the Scheme is to help members of the public, like You, who earn less than the Greater London Authority London limit for intermediate housing (presently ninety thousand pounds (£90,00)) to become homeowners.
- 2.3 No guarantee is given that You will become a homeowner as a result of the Scheme but the Scheme will aim to help You become a homeowner in the following ways:
 - 2.3.1 Dolphin Square Charitable Trustee acting in its capacity as trustee of The Dolphin Square Charitable Foundation (the "**Charity**") will offer accommodation to You at a 35 per cent

discount against market rent for a period of up to three years with the intention that this cheaper rent will enable You to save more towards purchase of a home during the period when the cheaper rent applies; and

2.3.2 We may make a contribution towards the purchase price of a home on the terms set out below in this agreement if You:

- (a) are able to locate a qualifying home which You wish to purchase as a home;
- (b) have savings of at least twenty two thousand five hundred pounds (£22,500) to use for a deposit for a home; and
- (c) are able to obtain a suitable mortgage from a bank or building society.

3. STATUS OF THE SCHEME, THE CHARITY AND DOLPHIN LIVING

3.1 The Charity is a registered charity established to provide intermediate housing within Westminster.

3.2 We are a registered provider of social housing which is a wholly owned subsidiary of, and which provides management services to, the Charity.

3.3 The Scheme is intended to further the charitable aims of the Charity and neither We nor the Charity make any profit out of the Scheme.

3.4 The Scheme is not a Government sponsored scheme and is not covered by any form of Government protection or backing.

3.5 Please note that you cannot participate in this Scheme together with the Government's Help to Buy scheme or any other similar scheme.

4. ASSURED SHORTHOLD TENANCY

4.1 On the date of this agreement, the Charity will (as landlord) grant, and You (as tenant) will accept, an assured shorthold tenancy (the "AST") of []¹ (the "Rented Property").

4.2 The AST will be on the terms set out in the separate form of tenancy agreement attached and will include the following:

4.2.1 payment of a deposit (the "AST Deposit") by You to the Charity equivalent to one and a half times the monthly rent under the AST;

4.2.2 a term of three years;

4.2.3 a rent of [] pounds (£[]) per calendar month².

4.3 The Charity believes that the above rent represents a discount of approximately 35 per cent as compared with the market level of rents for similar accommodation to the Rented Property. The Scheme provides You with this discount so your rent is affordable so as to

¹ Address of rented property.

² Figure to be confirmed at time of entering into agreement with Participant.

make it easier for You to save up to buy a separate property in due course as Your own home.

4.4 The AST Deposit will be paid by the Charity or its agents into an approved Tenancy Deposit Scheme. The AST Deposit acts as security for Your compliance with the terms of the AST. If You do not comply with the terms of the AST, the Charity may, subject to the terms of the relevant Tenancy Deposit Scheme, take and keep some or all of the AST Deposit.

4.5 As with any tenancy, subject to legal protections afforded to You by relevant legislation, the Charity may terminate the AST if You do not comply with the terms of the AST

5. EVIDENCE OF SAVINGS

5.1 On or prior to the date of this agreement, You have provided Us with satisfactory evidence that You currently have savings of at least twenty two thousand five hundred pounds (£22,500) ("**Your Savings**").

5.2 You should (but the Scheme does not contractually compel you to) maintain Your Savings throughout the term of the AST and We encourage You to add to Your Savings.

6. PURCHASE PROPERTY AND NOTIFICATION

6.1 If You decide that You wish to purchase a home with the assistance of the Scheme, You must:

6.1.1 notify Us of Your desire to acquire a home to purchase under the Scheme (the "**Purchase Property**") by using Form A, which is annexed to this agreement; and

6.1.2 send Us a copy of Your in principle mortgage offer from a bank or building society, (the "**Notification**").

6.2 We must receive the Notification before the date which is 30 calendar months after the date of this agreement (i.e. We must receive the Notification by []³). This time limit will be strictly construed and is an absolute cut off for Our receipt of the Notification from You. If We do not receive the Notification within this time frame, then:

(a) the AST will come to an end; and

(b) the provisions of this agreement will come to an end and be of no further effect,

on the date that is three years from and including the date of this agreement.

6.3 You must fill in all the fields on the Notification and send it by Royal Mail Special Delivery to the following address: []⁴
or to such other address as We may subsequently notify You.

6.4 After You give Us the Notification, You will need to meet with a specialist mortgage and / or financial advisor, who will be selected by Us (the "**Mortgage Advisor**"), as soon as reasonably practicable, to discuss the process and requirements of the purchase stage of the Scheme.

³ Date to be added at time of entering into agreement with Participant.

⁴ Address to be confirmed by Dolphin nearer the time of completion.

7. YOUR FINDING OF AND OUR APPROVAL OF THE PURCHASE PROPERTY

- 7.1 The provisions of this **clause 7** only apply if You have submitted a Notification to Us in accordance with the requirements of **clause 6**.
- 7.2 Either before or as soon as reasonably possible after You send Us the Notification, You should start actively searching for a Purchase Property which must be valued at not more than [] pounds (£[]) and situated in Greater London.
- 7.3 Once a Purchase Property has been found by You, You will need to provide Us with full details of the proposed Purchase Property including:
- 7.3.1 estate agent's particulars;
- 7.3.2 any other details as We may reasonably require,
- and this information should be provided in the format of Form B.
- 7.4 You must have found the Purchase Property and provided Us with its details using Form B within three years from and including that date of this agreement. If You do not do this:
- 7.4.1 the AST will come to an end; and
- 7.4.2 the provisions of this agreement will come to an end and be of no further effect,
- on the date that is three years from and including the date of this agreement.
- 7.5 We reserve the right to reject any potential Purchase Property in the following circumstances:
- 7.5.1 where, in Our view, the property is not suitable as a mortgage security;
- 7.5.2 where the potential Purchase Property is not available on the open market;
- 7.5.3 where We consider that the potential Purchase Property is overpriced;
- 7.5.4 where the potential property is available under a shared ownership scheme and in Our opinion the rules of the relevant shared ownership scheme are not compatible with the Scheme;
- 7.5.5 where in Our opinion, the potential Purchase Property will not or may not be available to move into within three years of the date of this agreement;
- 7.5.6 where, in Our opinion, the potential Purchase Property is not a suitable property for the purposes of the Scheme for any other reason; and
- 7.5.7 where to provide You with assistance through the Scheme or for Us to take a second mortgage would amount to a breach of any law or regulation (including by reason of Our not holding at the relevant time, any required licences and authorisations).
- 7.6 If We agree that Your proposed Purchase Property is a suitable Purchase Property for the Scheme, We will provide You with confirmation in principle that We will provide You with assistance in respect of its purchase.

7.7 You will then need to provide Us with evidence, which is satisfactory to Us, that You have a binding offer of a mortgage from a bank or building society on the Purchase Property, which taken together with:

7.7.1 any other funds You are able to show Us evidence of (to Our satisfaction); and

7.7.2 the assistance provided by Us to You under the Scheme (see **clause 9**),

demonstrates that you have sufficient funds to purchase the Purchase Property. This information should be provided in the format of Form C.

7.8 We may provide You with details of a preferred mortgage provider who is familiar with the Scheme and We would recommend that You seek Your mortgage from such provider. Any other mortgage provider may not be familiar with the Scheme and may not be willing to lend to You as a result.

7.9 We do not guarantee that

7.9.1 any preferred mortgage provider or any other mortgage provider will agree to provide You with a mortgage; or

7.9.2 that any preferred mortgage provider will provide a mortgage which is the best mortgage deal then available.

7.10 We will provide You with written confirmation when We are satisfied with the evidence You have provided Us with of Your mortgage offer and funds to purchase the Purchase Property.

7.11 If the proposed Purchase Property is available under a shared ownership scheme, We may, if We choose to do so, enter into negotiations to agree terms with the provider of the shared ownership scheme in relation to the proposed Purchase Property. However, any such negotiation will be strictly at Our discretion and We are not under any obligation to enter into such negotiation on Your behalf. We reserve the right to cease any such negotiation at any time.

8. EXTENSION OF THE AST IN LIMITED SITUATIONS

8.1 Where You have:

8.1.1 notified Us under **clause 6**; and

8.1.2 found the Purchase Property within three years from and including the date of this agreement; and

8.1.3 notified Us under **clause 7**; and

8.1.4 You are actively negotiating the purchase of the Purchase Property,

We may at Our discretion procure that the Charity extends the term of the AST for a further six months. In the event that We do procure such an extension, if for any reason You have not completed the purchase of the Purchase Property within three years and four months from and including the date of this agreement then You agree that:

(a) the AST will terminate; and

(b) the provisions of this agreement will come to an end and be of no further effect,

on the date that is three years and six months from and including the date of this agreement.

8.2 Where You have:

8.2.1 notified Us under **clause 6**;

8.2.2 found the Purchase Property within three years from and including the date of this agreement; and

8.2.3 notified Us under **clause 7**,

but:

- (a) the purchase of the Purchase Property has aborted; or
- (b) We do not believe the Purchase Property is suitable using Our discretion under **clause 7**; or
- (c) We do not exercise Our discretion under **clause 8.1** above to procure the extension to the term of the AST,

then:

- (d) the AST will terminate; and
- (e) the provisions of this agreement will come to an end and be of no further effect, on the date that is three years from and including the date of this agreement.

9. PURCHASE PROCESS

9.1 The provisions of this **clause 9** only apply once We have approved Your proposed Purchase Property and have confirmed that We are satisfied with the evidence of Your mortgage offer and funds to purchase the Purchase Property in accordance with **clause 7**.

9.2 For the purposes of this **clause 9**, the "**Discount**" will be calculated as follows:

$$A = B - C$$

Where:

$$A = \text{Discount}$$

$$B = C \left((1 + X) \times (1 + Y) \times (1 + Z) \right)$$

Where:

$$C = 10 \times \text{Your Savings};$$

X = the annual growth in house prices in Greater London for the first year after the date of this agreement as calculated by reference to the Land Registry House Price Index and expressed as a decimal (subject to a minimum of 0.03 and a cap of 0.075);

Y = the annual growth in house prices in Greater London for the second year after the date of this agreement as calculated by reference to the Land Registry House Price Index and expressed as a decimal (subject to a minimum of 0.03 and a cap of 0.075);

Z = the annual growth in house prices in Greater London for the third year after the date of this agreement (or a proportionate part thereof in the event that the AST comes to an end before the end of the third year) as calculated by reference to the Land Registry House Price Index and expressed as a decimal (subject to a minimum of 0.03 and a cap of 0.075).

- 9.3 You and We will each need to appoint independent solicitors in respect of the purchase of the Purchase Property.
- 9.4 We will suggest to You one or more firms of solicitors who are familiar with the Scheme and would recommend that You appoint such a firm as Your solicitors because other solicitors may not be familiar with the Scheme.
- 9.5 Your solicitors will be acting for You (and their fees will be Your responsibility) and not for Us and We will not be responsible for any negligence or other act or omission by Your solicitors.
- 9.6 You must notify Us of the details of Your solicitors.
- 9.7 We will have Our own firm of solicitors acting for Us. Our solicitors will contact Your solicitors and explain Our role in the purchase of the Purchase Property under the Scheme.
- 9.8 You must ensure (by instructing Your solicitor) that the contract for the purchase of the Purchase Property ("**Purchase Contract**"):
- 9.8.1 provides for the purchase of the Purchase Property at the full market value (the "**Market Price**") which We have approved;
- 9.8.2 provides for the seller's solicitor to hold the deposit under the Purchase Contract ("**Purchase Deposit**") as stakeholder;
- 9.8.3 provides for a completion date (the "**Completion Date**") which We have first agreed with You; and
- 9.8.4 will otherwise be on such terms as We approve.
- 9.9 You must instruct Your solicitor to send to Our solicitor a signed and dated letter of undertaking ("**Undertaking**") in the form attached to this agreement before exchange of Your Purchase Contract. Following receipt of the signed and dated Undertaking, Our solicitors will transfer the Discount to Your solicitors to hold on the terms set out in the Undertaking. Should the purchase of the Purchase Property not complete for any reason, Your solicitors will return the Discount to Our solicitors in accordance with the Undertaking.
- 9.10 On exchange of Your Purchase Contract, You will use Your Savings to pay the Purchase Deposit. If Your Savings are less than the Purchase Deposit, then part of the Discount (equal to the different between Your Savings and the Purchase Deposit) will be released to Your Solicitors on the terms of the Undertaking and Your solicitors will pay that part of the Discount (along with Your Savings) to the solicitors of the seller of the Purchase Property to hold on the terms of the Purchase Contract.
- 9.11 On completion of the purchase of the Purchase Property under the Purchase Contract, the Discount (minus any amount already released for the Purchase Deposit under **clause** 9.10 above) will be released to Your solicitors on the terms of the Undertaking and Your solicitors

will pay the Market Price (minus the Purchase Deposit) to the seller of the Purchase Property.

10. FOLLOWING YOUR PURCHASE OF THE PURCHASE PROPERTY

- 10.1 On completion of Your purchase of the Purchase Property, We will apply to register a restriction on the Land Registry title to the Purchase Property and You will do everything We deem reasonably necessary to assist in ensuring that the restriction is registered.
- 10.2 This restriction will state that, if You sell the Purchase Property within five years of completion of Your purchase of the Purchase Property, the Land Registry will not register that sale by You without a certificate signed by Us or Our solicitor confirming that You have complied with **clause** 10.3 or 10.4 of this agreement.
- 10.3 If a Payment Event occurs, You must, on the occurrence of that Payment Event, pay to us an amount equal to the Discount. If You don't do this, We may take legal action against you to recover that amount. Each of the following events is a "**Payment Event**":
- 10.3.1 if within five years of Your acquisition of the Purchase Property, You cease to use the Purchase Property as Your sole or principal residence without Our prior written consent, You must pay an amount equal to the Discount to Us;
- 10.3.2 if within five years of Your acquisition of the Purchase Property, You sell the Purchase Property without purchasing another property ("**Substitute Property**") within Greater London which We have first approved in writing as a suitable substitute Purchase Property in Our absolute discretion, then You must pay an amount equal to the Discount to Us; and
- 10.3.3 if within five years of Your acquisition of the Purchase Property, You purchase a property in addition to the Purchase Property without selling the Purchase Property, You must pay an amount equal to the Discount to Us.
- 10.4 If We agree to Your sale of the Purchase Property and Your purchase of a Substitute Property as referred to in **clause** 10.3.2, a Payment Event will not have occurred as a result of such sale and acquisition provided that on completion of the sale of the Purchase Property and acquisition of the Substitute Property, You register a restriction on the Land Registry title to the Substitute Property in the same form as We entered on the Land Registry title to the Purchase Property. The same Payment Events will apply in respect of the Substitute Property and the five year period will continue to run from the date of acquisition of the original Purchase Property (not from the date of purchase of the Substitute Property).

11. TERMINATION

- 11.1 This agreement will come to an end five years after the date on which You purchase a Purchase Property using the process set out in **clause** 9 of this agreement, unless this agreement is terminated before that date under **clauses** 6.2, 7.4, 8.1, 8.2 or 11.2 of this agreement.
- 11.2 We may terminate this agreement if You do not comply with the terms of this agreement or if the Charity terminates the AST before the expiry of its term because You have not complied

with the terms of the AST. If this agreement terminates under this **clause** 11.2 then the remainder of this agreement will automatically come to an end and be of no further effect.

[Boiler plate and signature provisions to be added.]

SAMPLE