

## TERMS OF LOAN

### 1 DEFINITIONS AND INTERPRETATIONS

**“Applicant”** means the loan recipient contact named on the Project Loan Summary.

**“Capital Asset”** means any item of equipment or other asset which

- (a) on the date of its or their purchase has or have a useful life of more than one year; and
- (b) is or are purchased wholly or partly out of the Fund.

**“Client”** means the public sector body named on the Project Loan Summary.

**“Fund”** means the ring fenced fund established by the Client to assist in implementing technologies to reduce energy and carbon emissions within its estate.

**“Fund Manager”** means the project manager appointed by the Client to administer the Fund and their replacement from time to time.

**“Loan”** means the internal amount advanced by the Client to the Applicant pursuant to these Terms to fund an energy/carbon reduction project.

**“Local Project”** means the project approved by the Client to assist in the reduction of energy use through the uptake of energy saving technologies as detailed on the Project Loan Summary.

**“VAT”** means value added tax payable by virtue of the Value Added Tax Act 1994 and any similar tax from time to time in addition to it, replacing it or performing a similar fiscal function.

### 2 DURATION

**2.1** These Terms will come into effect on the date on the Project Loan Summary and will continue until the Loan is repaid.

### 3 THE LOAN

**3.1** The Loan shall be unsecured and interest free and shall be advanced by the Client to the Applicant on the draw down date set out on the Project Loan Summary.

### 4 OBLIGATIONS OF THE CLIENT

**4.1** The Client has appointed a Fund Manager to administer and manage the Fund and the Loan.

**4.2** The Client shall appropriate the Loan to the Applicant as detailed on the Project Loan Summary.

**4.3** The Fund Manager shall properly monitor the activities of the Applicant to ensure that the Loan is being used appropriately and for the Local Project only.

### 5 OBLIGATIONS OF THE APPLICANT

**5.1** The Applicant shall only use the Loan for the Local Project as set out in the Project Loan Summary and as approved by the Fund Manager.

**5.2** The Applicant shall pay back the Loan to the Fund in instalments, irrespective of any energy savings achieved, and on the dates detailed in the Project Loan Summary unless otherwise agreed in writing by the Fund Manager.

**5.3** The Applicant shall keep a full and properly auditable record of the progress of the Local Project and shall provide such information and assistance as is required by the Fund Manager.

### 6 COVENANTS

**6.1** The Applicant hereby undertakes to the Client:

**6.1.1** not to create, or permit to subsist, any mortgage, charge (whether floating or specific), pledge, lien or other security interest on any of its undertaking, property or assets comprised within the Local Project without the Client’s prior written consent;

**6.1.2** that the Applicant will notify the Client in writing immediately of the happening of any of the events set out in Clause 7.1 of these Terms;

**6.1.3** that it will maintain or cause to be maintained in full force and effect adequate insurances in respect of all its assets in the Local Project against all risks and contingencies.

## **7 REPAYMENT OF LOAN**

**7.1** The Client may require all or part of the Loan to be repaid if:

**7.1.1** the Applicant fails to comply with any material term or condition of these Terms or the reasonable directions of the Client;

**7.1.2** any information provided in the application for the Loan or in subsequent or supporting correspondence is found to be incorrect or incomplete to an extent which the Client considers to be material;

**7.1.3** there is a failure to keep and maintain the records as required by the Client or

**7.1.4** the Loan has not been used for the purpose for which it was given.

**7.2** The Fund Manager may require the relevant part of the Loan to be repaid if:

**7.2.1** there has been an overpayment of Loan; or

**7.2.2** the Client has to repay funding from which the Loan was allocated.

**7.3** The Applicant agrees that on receipt of notice requiring repayment of the Loan under the provisions of these Terms that it shall make such repayment within 20 business days of receipt of such notice.

**7.4** If the Loan becomes immediately due and payable as provided by this Clause 7 the Applicant will reimburse the Client on a full indemnity basis all reasonable costs and expenses, including legal fees, incurred by the Client in connection with the enforcement, or the preservation of any rights under these Terms and will indemnify the Client against all losses incurred by the Client in liquidating or employing deposits from third parties acquired to effect or maintain the Loan or any part thereof.

## **8 CAPITAL ASSETS**

**8.1** The Applicant shall not during the useful life of any Capital Asset purchased from the Loan dispose of such Capital Assets (whilst any part of the Loan remains outstanding) without the prior written consent of the Client and such consent (if given) will be conditional (at the sole discretion of the Client) on re-payment to the Client of the balance of the Loan relating to the Capital Asset that has been disposed of.

## **9 VAT**

**9.1** Where the client is registered for VAT the Loan is made exclusive of VAT and no part of the Loan shall be used by the Applicant towards meeting any VAT incurred by the Applicant, however where the Client is not registered for VAT the Loan shall include VAT.

## **10 LAW AND JURISDICTION**

**10.1** The Applicant shall comply with all relevant legislation in the operation of the Loan and the Local Project.

**10.2** These Terms and the Loan shall be governed by and construed in accordance with English law and each party hereby submits to the exclusive jurisdiction of the English Courts.

## **11 AMENDMENTS TO TERMS**

**11.1** No amendment or variation of these Terms shall be effective unless made in writing and agreed by the Client.