

SCHEDULE 2

GRO FOR OWNER OCCUPATION

PART 4

TERMS AND CONDITIONS ON WHICH ASSISTANCE IS PROVIDED

5. The terms and conditions on which GRO for owner occupation is provided are–
- (a) the grant recipient shall provide units for owner occupation in accordance with the project and for no other purpose whatsoever;
 - (b) all units shall be sold by the grant recipient for owner occupation to first purchasers who shall occupy the units as their only or principal residence;
 - (c) the grant recipient shall not sell or otherwise dispose of the subjects or any part thereof save as in accordance with sub-paragraph (b) above without the prior written consent of the local authority;
 - (d) the units shall have National House-Building Council certification or equivalent certification approved by the local authority;
 - (e) any client group targeted for the sale of units in accordance with paragraph 4(c) shall receive priority right to purchase the units as first purchasers when the units are marketed for sale;
 - (f) the grant recipient shall submit to the local authority progress reports, the return used to record sales of units to first purchasers and a post completion return all when required by that local authority in the forms to be specified by that local authority;
 - (g) the grant recipient shall grant a standard security over the subjects in favour of the local authority in terms satisfactory to that local authority save where that grant recipient has obtained a bank guarantee or performance bond in terms of sub-paragraph (h) or (i) below;
 - (h) where the local authority requires that a bank guarantee or performance bond is obtained, and the grant recipient owns the subjects, that grant recipient shall obtain a bank guarantee or performance bond in terms satisfactory to the local authority;
 - (i) where the grant recipient has entered into a licence agreement and the local authority requires that a bank guarantee or performance bond is obtained the conditions that require to be met are–
 - (i) the grant recipient has entered into a licence agreement in respect of the subjects in terms satisfactory to that local authority; and
 - (ii) the grant recipient has delivered to that local authority a bank guarantee or performance bond in respect of the project in terms satisfactory to that local authority;
 - (j) (i) where a project is a type 3 project and a unit is sold by the grant recipient at less than market value, the local authority shall require that grant recipient to ensure that the first purchaser of any unit shall at that first purchaser's own expense and including any expenses of that local authority, grant a standard security in favour of that local authority for the pro rata amount of GRO for owner occupation apportioned to that unit, which standard security shall provide that a repayment in terms of sub-paragraph (j)(ii) below shall apply within such a period from the date of entry by the first purchaser as may be specified by that local authority in the event of–
 - (aa) the sale by the first purchaser; or

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- (bb) the title of the unit being transferred by the first purchaser for no consideration;
- (ii) in the event of a sale or transfer in terms of sub-paragraph (j)(i) above there shall be repaid to the local authority whichever is the lesser of—
 - (aa) the pro rata amount of the GRO for owner occupation apportioned to the unit; or
 - (bb) the difference between the price at which the unit is sold by the first purchaser (or the open market value if higher) and the price at which the unit was sold to the first purchaser as defined in terms of sub-paragraph (j)(iii) below;
 - (iii) the price at which the unit was sold to the first purchaser for the purpose of sub-paragraph (j)(ii)(bb) above shall be the actual price paid by that first purchaser increased by—
 - (aa) the annual rate of inflation in accordance with the retail prices index from the date of entry of the sale by the grant recipient to the first purchaser to the date of entry in respect of the sale by the first purchaser; and
 - (bb) the value of any material improvements carried out by the first purchaser;
- (k) where the local authority requires the grant recipient shall ensure that the first purchaser of any unit shall at that first purchaser's own expense and including any expenses of that local authority, grant a standard security in favour of that local authority for the pro rata amount of the GRO for owner occupation apportioned to that unit, which standard security shall provide that repayment of the pro rata amount of the GRO for owner occupation shall apply within such period from the date of entry by the first purchaser as may be specified by the local authority in the event of the first purchaser ceasing to occupy the unit as that first purchaser's only or principal residence; and
- (l) any payment of GRO for owner occupation by the local authority must be expended on the project by the grant recipient within 14 days after that payment by that local authority.

Default

6. The breach of any of the terms and conditions detailed in paragraph 5 and regulation 6 shall constitute a default.

Effect of default

7. In the event of a default which is in the opinion of a local authority capable of being remedied, that local authority shall allow the grant recipient a period in which to remedy the default, said period being determined by that local authority on the basis of what it considers reasonable in the circumstances and that local authority shall serve a notice in writing on that grant recipient to that effect.

8. In the event of a default which is in the opinion of the local authority not capable of being remedied or is a default in terms of paragraph 7 that has not been remedied in terms of that paragraph—

- (a) where no GRO for owner occupation has been paid that local authority shall not make a payment; and
- (b) in all other cases where payment or part payment of GRO for owner occupation has been made, the grant recipient shall immediately repay to that local authority any such payment or part payment up to the full amount of the GRO for owner occupation under deduction of a sum attributable to sales of units to first purchasers which have concluded at the date of default.

Recovery of sums based on the actual cashflow

9. Where the grant calculated by the local authority using the actual cashflow following receipt of the post completion return is less than the amount of grant specified in the offer of grant (which is calculated using the approved cashflow), 50% of the difference in these two amounts shall be paid by the grant recipient to that local authority within 14 days of ascertainment by that local authority that a repayment of grant is due.