Sustainable community loan fund

Information and finance for community loan funding to install local sustainable energy measures
About this action pack

This action pack has been developed as part of a series produced by the Academy of Champions for Energy (Ace). Each pack has been written and reviewed by community activists with first-hand knowledge of what it takes to set up social enterprises to address the challenges of peak oil and climate change. Inside you will find practical suggestions and inspiration for setting up your own community initiative, helping those who are ready to take action to do just that.

This series of action packs was originally funded by NESTA and produced by Local United (www.localunited.net), a co-operative of social entrepreneurs which aims to speed up the rate at which good ideas are adopted by communities. These latest revisions have been produced by Ace, a sustainable energy initiative running in the UK, Ireland, France, Belgium and the Netherlands, funded by the INTERREG IVB NWE programme.

Ace aims to bring together ‘Champions’ of energy transition across the public, private and community sectors to share and disseminate information to increase uptake of renewable energy and energy efficiency measures. The focus is on using resources already available within our communities to build sustainable futures. This means citizens working together to find collaborative solutions which integrate energy transition into our everyday lives. Citizen engagement and community-led action are therefore central to this vision, and these packs aim to demonstrate how to build projects from the bottom up for the benefit of everyone. For more information about Ace visit www.aceforenergy.eu. For more guidance on citizen engagement visit www.aceforcommunities.net.

Each pack provides a useful ‘how to’ guide, illustrated by inspirational stories of what can be achieved when communities come together to act. Many of the packs contain technical advice, links to other information, copies of legal templates or lists of regulations all of which can help communities get their projects off the ground. Of course, any information provided is only as up to date as the day it goes to print.

Downloadable versions of the packs are available on the many partner websites. If your group or organisation would be interested in sharing the packs on your own website, contact the National Energy Foundation via ace@nef.org.uk. Community groups who have used the packs to support their own projects are also invited to provide information on how useful the packs have been, what other information should be provided or any other feedback which may improve future packs.
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Hook Norton Low Carbon
2014
1. **INTRODUCTION**

This action 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 (HNLC), which is a social enterprise group in rural Oxfordshire. Much of what you find in this pack will be specific to HNLC and will predominantly serve to educate and inspire, but it will be very detailed and shows how your community could emulate this project.

2. **STRATEGY**

This document provides a pack of information for social enterprises\(^1\) involved in taking action on climate change to determine whether setting up a sustainable community fund which can provide loans to householders (and potentially community organisations such as schools, churches, and other community groups) is appropriate for meeting their aims. The high level of citizen engagement attained in a community with a community revolving loan fund in place may well be attributed to the fact that such a fund empowers almost all residents who have been inspired to take action on climate change to act. This can range from a loan to replace one single glazed window in a well-used room, through to a whole house renovation or starting up a new community-scale project. The level of ambition can be set by the individual citizen(s) and the community provides the enabling framework through a community loan fund.

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 action pack is on loans to fund energy performance improvements in homes. However, as illustrated by the loan to help the Community Small Holding set itself up in the community, the principles can be applied to other areas, such as community waste or 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 for example: winning grant funding, corporate sponsorship, revenue generated from community owned renewables, community share issues\(^2\) etc. The significant benefit is that the loan fund allows the community to unlock finance from throughout its membership. Work can commence to

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\(^1\) 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.

\(^2\) 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).
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 building the feeling in the community that everyone is working together and that countering climate change can then be something that brings the community together to build a positive future vision.

**Community Benefits & Culture**

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 and community schemes, 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 was used to establish a 10-20 year programme (see Appendix A).

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 membership of nearly 300, 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.hnlc.org.uk](http://www.hnlc.org.uk).

**Figure 1 Whole home retrofit** (above) facilitated through a 0% interest loan to install a wood pellet boiler, solar thermal panels, internal solid wall insulation and improve roof & under floor insulation.
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. For example, within 3 months of the launch of the Loan Fund, households in the community had committed to investing £200k. They started work to upgrade the energy performance of their homes and to pay this back to the community over a period between 3 months to 10 years so that the funds can be recycled to other members of the community. Over 50% of this loan funding has now been repaid by residents making savings in their energy bills or from payments from generating renewable electricity. This means the funding has already been recycled to a second round of loan applicants.

Loans either need to be made at a level which keeps pace with inflation or, if as in HNLC’s case the loans are made at 0% or 3% interest, in order to maintain the real value of the capital loan fund the community will need to generate the relatively small income stream required to keep the loan pot topped up. For HNLC the default level for loans is kept at 3% so that it is a clear, consistent and memorable figure for residents to plan round (and much lower than the rates of interest through central Government schemes such as the “Green Deal”3). In HNLC, affiliation schemes with a green electricity provider and ethical telecoms generate the capital replenishment element, along with recent examples, such as through the Community Renewable Heat Premium Payment, where the expertise and time of the HNLC board members is valued and paid for by external bodies such as DECC.

Figure 2 Replacement of poorly insulated glazed roof (below) of Hook Norton Primary School with well insulated roof incorporating triple glazed windows and 17.4 kWp of PV over 4 roof areas.

As illustrated above, the loan scheme can be applied equally well for community scale energy projects, such as improving the energy efficiency of the building fabric and installing PV and solar thermal systems at the local primary school. Larger energy projects are particularly well suited to be funded through a revolving community loan scheme because of the scale of the returns and the potential of an integrated energy efficiency and renewable energy generation approach.

Community buildings such as the school and the church have been a particular focus for HNLC as it has the double benefit of carbon savings combined with exemplars at focal points in the community.

3 See https://www.gov.uk/green-deal-energy-saving-measures
Over time we have encouraged community members to feel empowered to take forward new directions, not only for their own homes but also for community scale projects. As an illustration, in 2013 a group of residents formed a community small holding with the initial aim of rearing pigs to promote sustainable local food. What they needed was a loan of £2,000 to cover the initial outlay for penning off a field and to buy the “weaners”. The founder members of the community small holding underwrote the value of the loan; however, the aim is that the loan is repaid through sales of pork to the community.

Figure 3. Establishing a community small holding for rearing pigs – engagement via the newsletter and happy pigs produces cracking pork!

The first £500 of the £2,000 loan has already been repaid inside the first year and the community small holding is growing both in terms of members and the number of pigs they are rearing in the second year.

We have also seen that it is a great focus bringing in a new group of members to HNLC. There is now a ready route for the organic waste from the local Hook Norton allotments and the children in the community have become active members of the pig feeding contingent and have a much closer connection to the food on their table – often surprising their parents by making the link between the benefits of happy animals in their community which provide the pork they are to eat later in the year.

Prerequisites

The social enterprise needs to be a legally constituted body such as an Industrial & Provident Society (IPS)\(^4\) or Community Interest Company\(^5\). 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 the group. The loan fund principles can potentially operate for smaller communities than the 2,500 in Hook Norton and could readily scale up to the scale of a Transition Town. If the community is fortunate enough to have individuals to provide informal advice and to 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 Energy Performance Energy Services Company 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 (where there is an element of the initial capital investment which the community decides will not need to be repaid) depends on the demographics of the community and how the social enterprise wishes to provide the wider community benefit. Grants from the community social enterprise would typically form part of the funding mix because this meets a wider community benefit, such as supporting more vulnerable groups in the community.

In the initial stages of the HNLC rolling fund, where there was a tight time constraint to deploy the carbon saving measures rapidly, 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 energy performance. This provided the advantage of rapid recycling of loan funds. The on-going aim is for HNLC to now switch to greater engagement with more vulnerable and elderly groups - 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 for the options they present back. The HNLC management team strongly regards this as an area for continued focus for new ideas to enable these “difficult to reach” groups of people.

**Risks 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.

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5 See Community-Led Food Initiatives and Community-Led Transport Initiatives action packs: [http://www.aceforcommunities.net/content/action-packs](http://www.aceforcommunities.net/content/action-packs)

6 See Co-operatives UK publication; ‘Simply Legal - All you need to know about legal forms and organisational types for community enterprises’ at [http://www.uk.coop/sites/storage/public/downloads/simplylegal_0.pdf](http://www.uk.coop/sites/storage/public/downloads/simplylegal_0.pdf) – NB also DECC publication to be released as part of LCCC.

• 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) 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 about whether their energy savings 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) and ensuring repayments are matched exactly with future energy savings (the Pay As You Save, PAYS, principle).

**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 with a network of social enterprises nationwide 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.

3. OPERATIONS

**Marketing**

In the HNLC model, the possibility of obtaining low interest loans is publicised throughout Hook Norton and the surrounding community. The standard loan interest rate is 3% and is available to any resident in Hook Norton and surrounding areas with a viable project to increase the energy performance of the home. There are also specific and time limited 0% loans publicised to encourage specific activities such as improving building fabric energy efficiency.

The main routes for marketing are:

• village newsletter which goes to each of 750 households every 2 months;
- HNLC engagement meetings held every 2 months at the brewery visitor centre which are open to all;
- the village and HNLC websites (including one-off offers at certain times of the year to reduce loans to 0% to encourage insulation measures in particular);
- “swap shops” are held in the community 2-3 times a year with an opportunity for people in Hook Norton and surrounding areas to bring in items they no longer need in order that they can find new homes. For those coming to take away items from the swap shop there is no obligation to bring items before taking things away. The picture on the right below shows the items taken away being weighed as a measure of the quantity diverted from landfill. Finally at the end of the day we have found several local charity shops who are very happy to arrive with a small van to take away anything that has not been claimed by the close.

- and one-off events such as the event illustrated below to celebrate the installation of 17.4kWp solar PV. Events where we advertise the low interest loans are not always linked to direct energy related events –for example the loans are also advertised at the swap shops.

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 for all members of the community benefit organisation to be involved in the review panels should they chose to do so. As the process has evolved and HNLC has gained experience we have been able to make this process as
simple as possible by embedding it in an on-line application form – see: http://hnlc.wufoo.com/forms/q7x3q7/

However, for those setting up a loan process from scratch it is probably useful to see the loan process as it was originally set up. The steps of the initial HNLC Limited loan approval process were as follows:

1. Residents join HNLC Limited and register interest for a loan and/or advice – see HNLC initial application form in Appendix B.

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 HNLC application form in Appendix C. 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 to action.

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 eleven members representing a cross section of the community. For panel review meetings to be able to reach a decision requires a minimum of one of the main HNLC management board members plus three additional members 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 HNLC loan agreement in Appendix D) 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 two copies to the Brewery premises when they are ready to sign. HNLC reviews the documentation provided by the borrower at the Brewery premises. Two HNLC management committee signatures are required to authorise the loans.

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, as well as 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.

Interaction with the Local Planning Department – Conservation Area

The HNLC group felt that being in a conservation area they wanted to facilitate the improvements in energy performance in keeping with the existing character of the village. This meant that, yes, solar panels can be sited on roofs in the conservation area, and yes, insulation measures such as solid wall insulation should be implemented, all while maintaining the character of the buildings in the community.

With that in mind members of HNLC met on site with several of the householders that were to have extensive energy efficiency and renewable retrofits. By talking through options with the Cherwell District Council Conservation Officers the HNLC board members got an understanding of the key areas of concern. At the same time the Conservation Officers could have confidence that members of the community who engaged with a local representative of HNLC would be given appropriate advice on options for maximising energy performance while minimising visual impact.

Finally it meant that HNLC board members had a greater understanding of where permitted developments would apply. Hence, we were able to provide residents and the planning department with a simple notification of the works to be carried out and listing the reasons for believing that the development fell within permitted development criteria. While we have had requests for minor clarifications, to date we have not had any examples where Cherwell District Council has come back to state that in fact full planning permission would be required.

We suggest this sort of pragmatic partnership approach between the community social enterprise, community residents and council planning staff would be a very useful model to be implemented more widely. It provides a local source of advice to residents so that they can seek advice at an early stage and it reduces the administration workload for the district council in having to assess cases where there are no significant planning issues.
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.

4. 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 on the basis of the experience of HNLC gaining its consumer credit license through the Office of Fair Trading (OFT) (NB. responsibility has now transferred to the Financial Control Authority (FCA) from the 1st April 2014 – see below).

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. Under a previous regulatory regime under the OFT a one-off fee of £970 provided an indefinite licence. Now that the FCA has taken over this responsibility, the fee for HNLC for transferring its consumer credit licence from the OFT to the FCA was £350 for a 2 year licence period for an “interim permission”. Again the administrative process was straightforward:

http://www.fca.org.uk/firms/firm-types/consumer-credit

The fees for a new application to the FCA are given at:
http://www.fca.org.uk/firms/firm-types/consumer-credit/fees

Loan Agreements
Sample loan agreements for householders and community buildings are provided under Appendix D. 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

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8 See Energy Performance Energy Services diffusion pack:
http://www.localunited.net/sites/default/files/Local_United_Community_EPESCo_Diffusion_Pack_Jan 2011c.pdf
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 came purely from time provided by members of its management board. This is unlikely to be sustainable over time as the level of administration rises. For the last 2 years HNLC have contracted in administrative services from a member of the community at an agreed hourly rate and each year appoints an external accountant to audit its accounts due. Community groups will need to think about at what stage they will need to look at contracting in (or indeed employing, if the level of activity warrants it) book-keeping and administrative support services.

**IT**

Clearly, 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 website was developed, and is currently managed, by one of the members of the management board. At periods of time where specific areas of the website needed to be upgraded, HNLC also commissioned a member of the community who runs a web design business to carry out an overhaul of the website to keep it current and effective.

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.

**5. SUMMARY**

HNLC was fortunate back in 2009 to have a committed small group of individuals to be able to put together and win a significant capital grant of £400K for the community of Hook Norton.

However, in terms of ensuring an on-going and sustainable level of engagement from the citizens of the Hook Norton community for the next 20 years, the revolving community loan fund has been an invaluable tool. Now people in the community with new ideas on ways to reduce carbon emissions know that there is the facility here to turn ideas into reality. There is also the potential to use HNLC’s existing track record to raise other capital through sources such as community share offers and crowd funding. Hence, the only limit on the projects the community’s citizens can attempt is to think creatively on future sources of revenue from income generated (ranging from energy to pork!) or savings (ranging from energy to waste). Not forgetting the most important commodity of all – the time of committed volunteers to make community social enterprises a success.
## Appendix A: HNLC Low Carbon Fund - Financial Model

### HNLC Low Carbon Fund Assumptions

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<td>Provisions for Project Management</td>
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<td>Purchase of biodiesel tank and electric cars</td>
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<td>5% Contingency on loan repayments</td>
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<td>School’s repayment from energy savings and FIT</td>
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<td>Repayment from use of biodiesel</td>
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<td>Repayment from mileage charge for electric cars</td>
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</table>

- **Assumptions**
  - Assume max of 50% households join
  - 6% donation into HNLC agreed Oct 09
  - 6% donation into HNLC agreed Oct 09
  - eg. oil purchase scheme started Sept 09
  - This could lead to share issue along Low Carbon West Oxford Model
  - We would fix the 5-10 year payback depending on individual circumstances
  - Combination of incentive for early repayment and possible default risk
  - Conservative estimate of 4% increase in energy prices per year in real terms

Includes affiliation scheme income etc.
Appendix B: HNLC Initial Application Form

Membership form/registration of interest

Name: ........................................................................
Address: ........................................................................
Postal code: ........................................................................
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 or drop a note into one of the HNLC post boxes.
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 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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Share Number</th>
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<tbody>
<tr>
<td>Address</td>
<td>Postcode</td>
</tr>
<tr>
<td>Telephone</td>
<td>Mobile (optional)</td>
</tr>
<tr>
<td>Email (optional)</td>
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</table>

A BIT ABOUT YOUR PROPERTY
This will help us with any advice we provide and to assess your application

<table>
<thead>
<tr>
<th>Property type:</th>
<th>Detached</th>
<th>Semi-detached</th>
<th>Bungalow</th>
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</thead>
<tbody>
<tr>
<td>Mid Terrace</td>
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<tr>
<td>End Terrace</td>
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</table>

<table>
<thead>
<tr>
<th>Approximate building age (if known)</th>
<th>0-20 years</th>
<th>21-50 years</th>
<th>Over 51 years</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Is your building - in a Conservation Area</th>
<th>Listed</th>
<th>Neither</th>
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<table>
<thead>
<tr>
<th>Existing primary heating fuel source:</th>
<th>Oil</th>
<th>LPG</th>
<th>Coal</th>
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</thead>
<tbody>
<tr>
<td>Electric</td>
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<tr>
<td>Wood chip</td>
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<td>Heat pump</td>
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<tr>
<td>Other</td>
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<tr>
<th>Existing primary hot water source:</th>
<th>Boiler</th>
<th>Immersion</th>
<th>Solar panels</th>
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</thead>
<tbody>
<tr>
<td>Electric</td>
<td></td>
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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 homeowner

- 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

<table>
<thead>
<tr>
<th>Basic Measures</th>
<th>Insulation</th>
<th>Heating Systems</th>
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</thead>
<tbody>
<tr>
<td>Energy saving light bulbs</td>
<td>Solid wall insulation (external)</td>
<td>Heating Controls upgrade</td>
</tr>
<tr>
<td>Draughtproofing</td>
<td>Solid wall insulation (internal)</td>
<td>Boiler upgrade</td>
</tr>
<tr>
<td>Hot water tank jacket</td>
<td>Cavity wall insulation</td>
<td>Wood fuelled boiler (Biomass)</td>
</tr>
<tr>
<td>Insulated pipes (heating &amp; hot water)</td>
<td>Floor insulation</td>
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<td>Loft insulation (300mm)</td>
<td>Double glazing</td>
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<td>Other roof insulation</td>
<td>Insulated wall paper</td>
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<td>Flat roof insulation</td>
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<td></td>
<td>Reflective radiator panels</td>
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<tr>
<th>Microgeneration</th>
<th>Other/ Notes</th>
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<tbody>
<tr>
<td>Solar Photovoltaic (Electric)</td>
<td>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.</td>
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<tr>
<td>Solar Thermal (Hot water)</td>
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<td>Wood burning stove</td>
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<td>Ground/water source heat pumps</td>
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<td>Air source heat pumps</td>
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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
- post to Secretary, Hook Norton Low Carbon Limited, 26 The Bourne, Hook Norton. OX15 5PD
Appendix D: HNLC Loan Agreement

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 [1st 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 31st March 2011