

## **1 Further Credit**

- 1.1 I must not obtain any further credit greater than £500, except for public utilities and to re-finance the balloon payment at the end of any Vehicle Purchase Agreements, without the prior written approval of the Supervisor. Should credit greater than £500 be obtained without the prior written approval of the Supervisor, this will constitute a default of the arrangement.

## **2 Legal or Recovery Action**

- 2.1 After the arrangement has begun, no creditor may, in respect of any debt to which the arrangement applies:
- (i) take any action against your property or person;
  - (ii) start or continue any action or other legal proceeding against you.
- 2.2 Nothing in these conditions affects the following rights in any way:
- (i) the right of any secured creditor to enforce their security, unless they agree;
  - (ii) the right of the Supervisor or any other creditors to present a bankruptcy petition under Article 238(1)(c) of the order if you fail to keep to the arrangement
  - (iii) the right of any creditor to bring or continue legal proceedings against you and to obtain a judgement against you for their debt for the sole purpose of making a claim against your insurer under the third Party (Rights Against Insurers) Act 1930.

## **3 Variation**

- 3.1 You or the Supervisor may propose variations to the proposal after it has been approved and these may be considered at a creditors meeting convened by the Supervisor for this purpose in accordance with paragraph 3.2.
- 3.2 The Supervisor must give at least 28 days' notice of the meeting to the creditors. Rule 5.22(1) of the Rules will apply to the creditors meeting in deciding whether the necessary majority has been obtained. If the necessary majority is obtained at the meeting, then the variation(s) or modification(s) will bind every person who is subject to the arrangement. Rule 12.05 of the Rules will apply (quorum at meetings). Rules 5.17 to 5.21 and 5.23 will also apply (conduct of meeting, voting rights and adjournment).

## **4 Death of the Debtor**

- 4.1 Should you die during the term of the arrangement, property constituting an asset of the arrangement in your or the supervisor's possession, custody or control shall be held upon trust for the purposes of the arrangement until realisation thereof.

## **5 Substantial Compliance**

- 5.1 The supervisor may, if he/she thinks fit, issue a completion certificate even if you have not complied with all your obligations under the arrangement, provided that you have:
- (i) made all payments required of you under the arrangement;
  - (ii) fully explained any breach of the arrangement, as required by the supervisor;

- (iii) paid the Supervisor any sum that he/she has reasonably requested to compensate the creditors for any reduction in dividend caused by your breach of the arrangement.

5.2 If the Supervisor issues a completion certificate under paragraph 5.1, the arrangement will be treated as fully complied with and you will be released from all your debts that are subject to the arrangement with the exception of those detailed in paragraph 2.2.

## **6 Dividend and Claims**

- 6.1 The Supervisor may allow for dividend purposes claims submitted by creditors as at the effective date. If any creditor does not make a claim in writing within 4 months after the effective date, then that creditor may not participate in any dividend payment, subject to paragraph 6.3 below.
- 6.2 The Supervisor has the discretion to admit claims of £1,000 or less, or claims submitted that do not exceed 110% of the amount stated by the debtor in the proposal, without the need for additional verification.
- 6.3 Any creditor who makes a late claim will be entitled to participate (subject to the Supervisor accepting that the creditor has a reasonable explanation as to why any delay occurred) and to receive their full share of dividends notwithstanding the fact that some distributions may have been made prior to the submission of the claim.
- 6.4 The Supervisor may ask for any further details or documents he/she think necessary to establish the amount due to any person claiming to be a creditor.
- 6.5 The claims of secured creditors, foreign currency debts, debts payable at a future time, and interest on debts will be in accordance with the Bankruptcy Rules.
- 6.6 Where any creditor agrees, for whatever reason to make a repayment to the debtor during the continuance of the arrangement, then that payment shall be used solely in reduction of that creditor's claim in the first instance. If such repayment results in the creditor's claim being entirely extinguished (after the application of set off) any surplus will be treated as an after acquired asset and offered to the Supervisor for the benefit of the arrangement.

## **7 Breach**

If you breach the arrangement

- 7.1 You will be regarded as in breach of the arrangement if:
  - (i) you have at any time arrears of contributions equivalent to 3 months or more of the contributions proposed in the proposal. If you are in breach in this way but later repay all or some of the arrears, you will be in breach again if the same level of arrears recurs;
  - (ii) your debts and liabilities exceed by 15% or more the figure you have estimated for such debts and liabilities for the purposes of the proposal (and if such breach occurs the supervisor will – without affecting any other alternative available to them – ask the creditors what they wish to do in the context of the arrangement overall);
  - (iii) information that was false or misleading in any significant detail or contains any significant omissions:

- a) was contained in any statement of affairs or other document that you supplied under Part VIII of the Order to any person; or
- b) was otherwise made available by you to creditors at or in connection with any meeting of creditors held, or any resolution taken, concerning the arrangement;
- (iv) you fail to do anything that the supervisor may for the purposes of the arrangement reasonably ask of you; or
- (v) you fail to comply with any other of your obligations under the arrangement.

If you fail to comply

## 7.2 Non compliance by the debtor with the arrangement

If you do not comply with your obligations after the Supervisor has given you written notice specifying how long you have to do so, then the Supervisor may end the arrangement at his/her discretion. The Supervisor must report to the creditors when issuing the annual report under Rule 5.30 of the Rules, or earlier if he/she thinks appropriate, if any of the following occurs:

- (i) The Supervisor become aware that a bankruptcy petition has been served against you while the arrangement is in force;
- (ii) You fall more than 3 months into arrears with contributions from income or you fail to pay the additional sums due in respect of overtime etc
- (iii) You are in breach of any obligation about the realisation of assets or after-acquired property.
- (iv) You fail to comply with any other of your obligations set out in the proposal.

Procedure following breach

## 7.3 Notice of breach

If at any time, the Supervisor thinks that you are in breach of the arrangement then, unless you correct the breach immediately, the Supervisor will as soon as practicable send you a notice of breach ("Notice of Breach") identifying the breach. This will require you within 1-3 months (at the Supervisor's discretion) of receiving the notice:

- (i) to remedy the breach if it can be remedied; and
- (ii) if the Supervisor thinks fit, to fully explain the breach.

## 7.4 Remedy of breach

If, within 1 and 3 months as referred to in sub-paragraph 7.3, you

- (i) remedy your breach of the arrangement; and
- (ii) if so required in the Notice of Breach, fully explain the breach,

then the Supervisor will take no further action against you, except to report the breach to the creditors when he/she next sends an annual report to creditors on the progress and effectiveness of the arrangement, or on the next convenient occasion, if earlier.

## 7.5 Failure to remedy breach

If you have not acted as specified in sub-paragraph 8.4 within the time allowed, the Supervisor must report within 28 days to creditors and seek their agreement (voting to be as set out in the Rules) to do one of the following:

- (i) vary the terms of the arrangement; or
- (ii) issue a certificate (“Certificate of Termination”) ending the arrangement because of the breach; or
- (iii) present a petition for your bankruptcy.

## **8 Change of address of debtor**

- 8.1 I shall immediately advise the Supervisor of any change of address. If I fail to notify my Supervisor, this may constitute a breach of the arrangement.