

Home Ownership Policy

Version 3

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Contents

| No. | Title | Page |
|------------|---|-------------|
| 1. | What this policy is about and why we need it | 3 |
| 2. | Who does this policy apply to | 3 |
| 3. | Our Home Ownership policy | 3 – 6 |
| 4. | Implementation of the policy | 6 |
| 5. | Links to other policies, legislation and/or regulations | 7 – 8 |
| 6. | When this policy will be reviewed | 8 |
| 7. | Jargon Buster | 8 – 9 |
| 8. | Appendices Appendix A: Supplementary Guidance Notes | 10 - 23 |

1 What this policy is about and why we need it

- 1.1 The Home Ownership policy relates to Acis Group's approach when developing schemes for affordable home ownership and outright sale, starting from the initial sales enquiry to the after sales service for new and existing purchasers, including leaseholders through the Right to Buy and Right to Acquire Schemes.
- 1.2 This Policy is important in both setting the principles and providing clear guidance for staff, stakeholders and customers on our approach when developing home ownership units, to ensure our approach is:
- Compliant, so to meet our statutory, regulatory and legislative obligations.
 - Supported by transparent procedures and processes for each type of sales and aftercare activity.
 - Delivers our customer first approach, ensuring we offer sustainable home ownership products for our customers.
 - Meets our strategy, business plan and investment objectives.

2 Who does this policy apply to?

- 2.1 This Policy primarily applies to:
- All Acis people involved in the development, marketing, sale and management of our home ownership properties and products.
 - Prospective home ownership customers.
 - Acis home ownership customers.
 - Our strategic partners.

3. Our Home Ownership policy

- 3.1 Our Home Ownership Policy sets out how we will approach developing and offering homes for affordable home ownership and outright sale and how we then manage these, set against our wider strategic context and investment parameters.
- 3.2 The policy will be underpinned by supporting procedural guidance to ensure its' effective delivery.

Overarching principles and activities

- 3.3 Our approach is supported by the following overarching principles, where we will:
- a) Continue to develop a range of different tenures, including homes for low-cost rent, affordable home ownership and outright sale.
 - b) Put checks in place to help ensure the development of homes for sale and affordable home ownership are expected to meet financial performance targets when approved and contribute to the group's growth.

- c) Ensure that the accumulative sales programme and exposure at any point works within the business plan constraints and lender covenants, including under different stress test scenarios, such as having to change tenures if homes were unsold.
- d) Focus our affordable home ownership offer primarily on delivering shared ownership in our operational areas, as identified in our Growth Strategy, where we can identify likely customer demand for the types of homes proposed.
- e) Ensure that sales values of all home ownership products are based on a Royal Institution of Chartered Surveyors (RICS) registered surveyor valuation and reviewed at regular intervals.
- f) Work in accordance with our Growth Strategy and Investment Policy to offer outright sale when this will help generate income to reinvest in our social housing developments.
- g) Offer Rent to Buy when this meets financial performance targets and is deemed an appropriate tenure to the site location and market dynamics.
- h) Offer First Homes if this is a planning requirement on a development, subject to market analysis, mortgage availability and financial viability.
- i) Deliver our statutory, regulatory and legislative obligations to sell and then manage properties, such as through the Right to Acquire, Right to Buy and Right to Shared Ownership, (*in respect of Affordable Rent homes developed under the 2021-26 Affordable Homes Programme and any subsequent contractual requirements*).
- j) Comply with the requirements of Homes England (e.g. the Capital Funding Guide), and Local Authorities when and where relevant.
- k) Use the model shared ownership lease provided by Homes England and pertinent to the funding programme, under which the home has been built.
- l) Operate a transparent and fair sales service, in accordance with our Financial Regulations and Standing Orders.
- m) Use market insight, evidence and analysis to inform decision making about the types and tenures of homes we build in different locations and check that identified target markets appear likely to be able to afford the proposed homes.

- n) Promote our homes effectively and fairly (*in line with Consumer Protection & Unfair Trading Regulations*), ensuring customers are provided with sufficient information about their home, the tenure, our need to assess the sustainability of their purchase using Homes England criteria, and their future responsibilities as homeowners including any repair obligations and service charge payments.
- o) Deliver a clear and consistent after sales service to manage the affordable home ownership and outright sale products we provide in line with our statutory responsibilities, including the process for shared ownership staircasing and resales.

Supplementary Guidance Note

- 3.4 A set of guidance notes is provided at **Appendix A** and should be read in conjunction with the Home Ownership policy. These are intended to provide context and a higher level of procedural detail to the principles set out above.

Customer principles

- 3.5 To ensure we deliver our 'Customer First' approach when developing and offering homes for affordable home ownership and outright sale and then managing these, we will:
 - a) Adopt an approach that both keeps customers informed during the sales process and provide a responsive after care service, including customer contact information, a list of transactional fees, guidance for homeowners, service charge breakdowns and accounts when relevant.
 - b) Keep in regular contact with customers particularly in relation to construction timescales and target sale dates.
 - c) Offer different ways which customers can communicate with us, including through accessible formats, during and after sale. We will offer communication options during some evenings and at weekends.
 - d) Measure customer satisfaction with the quality of the property, sales service and after-sales service provided.
 - e) Never offer mortgage advice, which is a Financial Conduct Authority regulated activity, or legal advice but encourage customers to take their own independent advice.
 - f) Ensure that it is clear to an applicant that when we refer to our Independent Financial Advisor ('IFA') for initial affordability checks that this will be on the basis that it is free to the customer and Acis.
 - g) Shared ownership customers to be offered a defect period equivalent to the period provided for in the new home warranty insurance policy with any period outside of the warranty with the developer being covered by Acis.

- h) Outright sales customers to be offered a defect period equivalent to the period provided for in the new home warranty insurance policy with any period outside of the warranty with the developer being covered by Acis.
- i) Expect our affordable home ownership customers to abide by the terms of their lease agreement and contact us promptly should their circumstances change and/or where changes/consent to provisions of the lease are necessary, e.g. alterations.
- j) Publish this Policy on our website within the Home Ownership pages and make it easily available to customers upon request.

4. Implementation of the policy

4.1 The Property Development and Asset, Business Development, Legal & Governance, Finance and Customer Support teams are responsible for developing and implementing the necessary support procedures and customer documentation, that will deliver the principles of the Policy.

Our measures

4.2 Delivery of the Home Ownership Policy will be measured by:

- The ability to develop and sell homes within the performance targets set.
- Measuring how developing homes for home ownership tenures contributes to our strategic targets.
- Measuring customer satisfaction with the sales process, their new home and the after-sales service they receive.

4.3 The Policy will be monitored annually by reviewing performance against the 'Growth' key performance indicators and/or if prompted in between planned reviews by:

- Any changes to legislation or good practice.
- Customer feedback and complaints.
- Staff recommendations.
- Board and/or Committee recommendations.
- Any audit results and arising actions.

5. Links to other policies, legislation and/or regulations

5.1 The following internal and external Policies, procedures, legislation and/or regulation link to the Home Ownership Policy:

Internal

- Financial Regulations & Standing Orders
- Customer First Principles
- Investment Policy (and criteria set within it)
- Customer Feedback Policy
- Reasonable Adjustments Policy
- Aids & Adaptations Policy
- Repairs Policy
- Annual Rent Setting Plan
- Service Charge Policy
- Rent Collections & Arrears Management
- Neighbourhood & Estate Management Policy
- Allocations Policy
- Data Protection Policy
- Anti-Bribery & Corruption Policy
- Anti-Money Laundering Policy
- Board & Company Membership Policy
- Equality & Diversity Policy
- Minimum Surplus Income Policy
- First Come Served Policy

External

- Homes England Capital Funding Guide
<https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>
- Joint Guidance
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/557219/Shared_Ownership_-_Joint_Guidance.pdf
- Joint National Housing Federation/Council of Mortgage Lenders guidance for handling arrears and possession of shared ownership property.
<https://www.cml.org.uk/documents/shared-ownership-joint-guidance-for-england-november-2012/1shared-ownership-guidance-v7-301012.pdf>
- Ministry of Housing Communities and Local Government – Right to Buy Forms and Guidance
<https://www.gov.uk/government/collections/right-to-buy-forms-and-guidance>
- Model Shared Ownership Lease (pre 2021-2026 Affordable Homes Programme)

- New Model Shared Ownership Lease (2021-2026 Affordable Homes Programme)
- Consumer Code for Home Builders
- Landlord and Tenant Act
- New Homes Ombudsman is to be established and implementation will be in 2021
- The Estate Agents Act 1979
- Consumer Protection from Unfair Trading Regulations (CPR's) 2008
- General Data Protection Regulation
- Data Protection Act 2018
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) regulations
- The Equality Act
- The National Housing Federation Code of Governance 2020

Procedures

- Shared ownership sales
- Outright Sales
- Right to Buy
- Right to Acquire
- Shared Ownership Management
- Right to shared ownership
- Initial Repair Period claims

6. When this policy will be reviewed

- 6.1 A desk top review of the Policy will be completed annually, and a full review will be undertaken 3 years from adoption of the Policy.

7. Jargon Buster

| Reference | Definition |
|---------------------------|--|
| Affordable Home Ownership | This is expected to be primarily shared ownership but could include other recognised affordable home ownership tenures such as Rent to Buy and First Homes when applicable. |
| Back to back | Back to back staircasing and resale is a linked transaction that essentially allows a shared owner to sell their home at full market value. The landlord will simultaneously receive the staircasing receipt. |
| Buyback | Purchasing a home back from a shared owner or leaseholder. |
| Capital Funding Guide | Homes England guidance for grant funded developments including shared ownership and Rent to Buy. |
| First Homes | A discounted sale option for first time buyers proposed by the government that allows eligible purchasers to buy at a 30% discount that future buyers also benefit from. Government propose First Homes will be a requirement delivered through the planning system, |
| Flexible tenure | Buying part of a shared owners equity from them (but not all) to alleviate hardship. |

| Reference | Definition |
|-----------------------------------|--|
| Help to Buy Agent | A government agency that showcases shared ownership and Help to Buy Equity Loan developments, assesses eligibility and administers Help to Buy Equity Loans. |
| Mortgage Protection Clause | The MPC allows the lender on a shared ownership property, upon repossession, to staircase to 100% and sell, with the housing association liable for covering some qualifying losses that the lender may incur, including any rent arrears the lender may have previously paid. |
| Rent to Buy | Homes that are let at 80% of market rent with the tenant expected to use this as an opportunity to save a deposit to purchase. |
| Right to Shared Ownership | The Right to Shared Ownership will apply to all new rented homes delivered through the Affordable Homes Programme 2021-26, with limited exceptions |
| Right to Buy and Right to Acquire | Schemes which allow eligible tenants to purchase their homes at a discount dependent on their tenancy |
| Section 106 Agreement | A planning condition that can relate to the provision of affordable housing. New homes provided through Section 106 do not normally qualify for grant funding other than in designated protected areas. |
| Shared Ownership | A part rent – part buy initiative that allows eligible purchasers to buy a percentage share in the property and pay a rent on the share they don't own. |
| Staircasing | When a shared owner purchases a higher percentage share than they already own. |
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Appendix A

Home Ownership Supplementary Guidance Notes

These guidance notes should be read in conjunction with the Home Ownership Policy, which set out Acis Group's principles when developing schemes for affordable home ownership and outright sale starting from the initial sales enquiry to the after sales service for new and existing purchasers, including leaseholders through the Right to Buy and Right to Acquire Schemes.

The notes are intended to provide context and a higher level of procedural detail to the principles set out in the Policy. They focus on our approach to affordable home ownership tenures, including the marketing, sale and the management of these.

This guidance will be delivered alongside wider internal sales and after sales process, including template documents such as reservation agreements, checklists and standard customer correspondence.

Some of the above reference points will change and continue to evolve, as will this document.

Our approach to:

1. Promoting new homes

- a) We intend to promote our homes effectively and fairly, ensuring customers are provided with sufficient information about their home, the tenure, our need to assess the sustainability of their purchase using Homes England criteria, and their future responsibilities as homeowners including any repair obligations and service charge payments.
- b) We will ensure homes for sale under the shared ownership scheme have the relevant Key Information Documents at the appropriate stages of marketing and reservation.
- c) We will market homes in accordance with Consumer Protection and Unfair Trading Regulations.
- d) Prior to marketing launch, all marketing material such as for example floor plans, brochures and CGIs where appropriate will be agreed.
- e) All homes will be marketed to customers initially through our waiting list and then through online portals (such as Rightmove), social media and physical onsite signage.
- f) We will be clear to customers on whether new shared ownership homes are offered under the traditional shared ownership model or the new model.

- g) The approved scheme appraisal will allocate a marketing budget, informed by a development specific sales and marketing plan.

To be effective and deliver value for money, we will develop marketing campaigns aimed at identified target markets. We will regularly analyse what methods are most successful and continue to evolve our approach through in-campaign learning and post project review.

- h) For all developments, we will develop a marketing and sales strategy, and those deemed large enough, we will, when development timescales permit, start soft marketing at least 6 months prior to first handovers and start full marketing at least 3 months prior to first handovers.
- i) Sales incentives will be used only if sales performance is a concern and as part of a pre-approved strategy and budget. If ad-hoc incentives are required to achieve a sale, the incentive will need to be approved by Head of Property Development and Assets or equivalent position. The combined financial value of incentives will never exceed the agreed appraisal sum incentives, unless formally approved by the Executive Leadership Team or Board as appropriate.
- j) Incentives will only be offered when it is deemed as required to achieve a sale. This should be proportionate and appropriate to the sales performance context.

2. Valuations and pricing

- a) Sales values will be based on a Royal Institution of Chartered Surveyors (RICS) registered surveyor valuation. Unless the RICS valuation states otherwise (e.g.6 months), the valuation expiry will be 3 months from the date of the Valuation Report, and this will be updated every 3 months after sales launch. The update can be way of a covering letter from the RICS registered valuation surveyor.
- b) Price reductions will only be considered if there is a mortgage down valuation or if the property has been vacant for six months from handover and must be supported by a RICS valuation. Any price reduction will need to be approved by the Executive Leadership Team.

New Homes

3. Shared Ownership eligibility

- 3.1** In line with Homes England Capital Funding Guide ('CFG') requirements, we have a separate First Come First Served Policy

4. Assessing Shared Ownership sustainability

- a) In line with the CFG, we have issued a Minimum Surplus Income Policy which details the minimum surplus income an applicant must have to ensure the home being purchased under the shared ownership scheme is affordable and sustainable. As per the CFG, we will not adopt a maximum surplus income policy
- b) We will refer all of our customers for initial advice and completion of an affordability assessment to our preferred mortgage advisors. These advisors will be regulated by the Financial Conduct Authority and, and where required, regulated by the Financial Conduct and/or Prudential Regulation Authority. Our advisors will have a good working knowledge of Shared Ownership mortgages due to their specialist nature.
- c) For ease we will complete a service level agreement with a company specialised in offering shared ownership products such as Metro Finance and will enter into a service level agreement with them to ensure the requirements of the CFG are met. This will include but is not limited to;
 - Being regulated and qualified to give mortgage advice
 - Have a good working knowledge of Shared Ownership
 - Understood the CFG requirements on Applicant eligibility and Affordability.
- d) We will review on an annual basis the SLA with provider which will be offered free of charge to Acis to and our customers.
- e) Acis will not receive any financial benefit or incentive from mortgage brokers/advisors for making referrals.
- f) Following initial assessment the customer is free to obtain advice from an alternative suitably qualified financial advisor/mortgage broker. In doing so the customer must provide evidence that the advisor is suitably qualified to provide the advice by meeting the criteria at 4, a of this Policy. The chosen advisor will additionally be required to provide all necessary paperwork including assessment checks and completion of the budget planner.
- g) In order to be eligible to purchase a Shared Ownership home applicants must have a gross household income of less than £80,000 and be otherwise unable to purchase a suitable property for their housing needs on the open market.

- h) We will require that a customer must have a minimum of 10% of their net mortgageable income remaining after all deduction and the stress tested rent or such changes as may be made to the CFG,
- i) In addition to the Homes England affordability, we would also expect the customer to have a minimum of 10% of their total net income remaining on a budget planner carried out with the IFA. Any share outside of this would not be deemed affordable or sustainable. This rule will apply to customers using either Acis preferred IFA or their own IFA. Acis will require sign off documentation to be provided by the IFA in relation to these calculations. A 10% leeway protects the customer against possible increased costs or unforeseen circumstances that have not been budgeted for.
- j) It is expected that the expenditure will be realistic for the household composition. Anything which is below perceived (ONS) spending will be verified via bank statement and an explanation provided.
- k) All income used in for the assessments must be considered sustainable. Metro Finance has a list of acceptable income. If it falls outside of these categories, and would not be considered acceptable by mainstream lenders, the income may be excluded from the assessment.
- l) We will not offer a property to applicants with outstanding bankruptcy, County Court Judgements or IVA's due to the heightened risk of mortgage and rent arrears. Applicants with bankruptcy, County Court Judgements or an IVA that have been satisfied and are over 3-years old since discharge may be considered.
- m) To verify eligibility and sustainability assessment, we also require purchasers to provide supporting information, such as proof of identity, proof of address and evidence of income, along with a mortgage decision in principle in advance of reserving a property. We may ask customers to provide this through the IFA to aid efficiency.
- n) Applicants may purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings. For example, if an older person could not take out a mortgage due to their age, or someone with a lower income could afford the rent element but not a mortgage. These applicants should still be referred for financial advice so that a detailed affordability assessment can be carried out and to evidence that they are unable to obtain a mortgage.
- o) Customers are required to provide evidence of the origin of any cash deposit or funds being used towards their purchase, to help prevent money laundering or fraud. This applies to all sale tenures including Right to Buy, Right to Acquire, shared ownership and outright sale. Please see the section '*Cash Deposits and Cash Purchasers*' for additional detail.

- p) The percentage share to be sold will be determined by a qualified IFA and will be suitable for the customers circumstances. We expect applicants to optimise the share they purchase based on what they can afford as per the CFG.
- q) A sign off pack provided by the IFA which be held on the customer file.
- r) Requests to purchase a share different to that recommended will be rejected, however assessments will consider the purchasers current position and likely future changes in circumstances.
- s) Acis Sales team and wider employees will not undertake activities or have discussions for which they are not qualified or regulated to be involved in such as offering financial advice.
- t) Where a customer's application requires further assessment for exceptional circumstances then customers will need to understand this will delay the progression of their applications for assessment whilst further checks and assessments are made. I timescale for this cannot be given due to the potential of requiring information from other parties

Customers will be able to purchase between 25% and 75% shares, or between 10% and 75% if this is a shared ownership home built under the new shared ownership model.

- u) Any loan being used towards the purchase must be in the form of a recognised shared ownership mortgage product and the interest rate reflected in the sustainability calculator. We will review other finance agreements upon recommendation only by a qualified IFA.
- v) Whilst customers are expected to use any savings, assets, investments in their purchase this does not mean that they are not permitted to retain a level of savings. This should take into account the requirements of any mortgage that is being arranged and the minimum income assessment detailed in this policy.
- w) Customers in receipt of benefits will be referred for assessed in the same way and will not be penalised. The decision will be for the qualified IFA as to whether the benefit can qualify as income affordability purposes.

5 Immigration Act Status

- a) Purchasers will need to demonstrate that they can afford and sustain home ownership in the longer term.
- b) Those applicants who are subject to immigration control (i.e. who require leave to enter or remain in the United Kingdom under the Immigration Act 1971) are less likely to be able to satisfy this requirement unless they have indefinite leave to remain in the UK. However, there is nothing which legally prevents individuals

subject to immigration control and without indefinite leave to remain from accessing Shared Ownership, provided that they fulfil the requirements detailed in the Policy.

- c) We will take the view that if an applicant can demonstrate their ability to sustain their home ownership obligations and a qualifying lending institution is willing to provide finance for the purchase then the individual is considered good security and therefore should be allowed access to the scheme.

6 Financial Assessment Process

6.1 There are two stages to the assessment process, initial assessment and full assessment.

(a) Initial Assessment

The preferred IFA will carry out an initial affordability assessment of the customer to ensure that the minimum affordability requirements can be met.

Should the customer be rejected due to affordability the IFA will provide a thorough explanation in order that we can advise the customer of the outcome. This will be saved to the customer's file.

(b) Full Assessment

Where a customer is successful at the initial assessment stage a full assessment will be undertaken by the preferred IFA or customer's own IFA.

This will include a detailed assessment of the customer's income and expenditure, their circumstances and preferences and including any future changes they can foresee in line with Minimum Surplus Income Policy.

- c) A sign off form and budget planner will be signed by the customer, IFA and provided to Acis for the customer's file.

7. Shared ownership cash purchasers

- a) Purchasing a shared ownership home with cash and without a mortgage is possible, but buyers will still be expected to optimise the percentage share they purchase and must demonstrate they are unable to obtain a mortgage to purchase a larger share (for example due to their age) and otherwise unable to purchase a suitable home outright.
- b) All cash purchasers will need to evidence the source of any cash being used as part of anti-money laundering checks. The evidence will need to satisfy Acis that there is a clear, demonstrable and legitimate origin of the funds. For example, a solicitor's completion statement for a property sale or bank statements showing regular

savings. These examples are not exhaustive, checks will reflect the situation and relate to the level of cash being used.

- c) Any cash gifted to the buyer to pay for or towards the purchase of the property must be from a close family member (parents, grandparents, siblings, aunt, uncle or stepfamily equivalent). Checks on the identity of the person gifting the funds (such as photographic identity) and the origin of the money will also be obtained, as though it is the purchaser's own cash. A letter will also be required, signed by the person gifting funds, stating that the cash provided is a gift not a loan.
- d) The maximum permitted cash a shared ownership customer will be allowed to retain (*as opposed to investing to buy a larger share*) will be determined by the IFA and agreed by Acis following assessment of the customer circumstances in line with the CFG.
- e) A qualified IFA will be required to undertake a separate Credit Check on shared ownership cash purchasers, in the absence of a mortgage application process that may typically identify any credit default issues. Applicants with outstanding bankruptcy, County Court Judgements or IVA's cannot be offered a property due to the heightened risk of rent arrears.
- f) A sign off sheet will be required for cash purchasers as per those buying with a mortgage to be completed by the preferred IFA. The sign off sheet must be signed by the advisor, provider and applicant.

8. Shared ownership rent setting

- a) Our shared ownership rents will be typically set at 2.75% of the unsold equity.
- b) Rents will rise by either RPI +0.5% each year or CPI plus 1% dependent on when grant funding was agreed or for Section 106 units on the date planning was approved.
- c) We will look to have a consistent rent review date of the 1st of April, but if a purchase has completed in the period of January to 31st of March the rent review will be delayed until the 1st of April in the following year.
- d) When we offer Older Person Shared Ownership, the rent will be calculated at 2.75% of the unsold equity, unless a customer buys 75%, when no rent will be charged on the remaining equity although service charges will apply.

9. Sale reservations

9.1 Shared ownership reservations:

- a) We will accept a reservation on shared ownership homes, once the customer has:
 - Established a sustainable percentage to purchase based on assessment by a qualified IFA.
 - Provided supporting information requested including the progression of a mortgage decision in principle for a shared ownership mortgage.
 - Evidence of a purchaser for their current home if applicable.
 - Selected a plot.
- b) We will prepare a Reservation Agreement detailing all key elements of the purchase such as the plot, property type, market value, share percentage and value, gross and specified rent, target sale completion date.
- c) Once the customer has approved the Reservation Agreement, we will take a £200 reservation deposit and buyers will be given 1-week to provide solicitors details. We will then share the Reservation Agreement as a memorandum of sale to notify solicitors to begin the legal process.

9.2 Outright sale reservations:

- a) We will reserve an outright sale home once the customer has provided;
 - Evidence of their identity.

- Progressing a mortgage decision in principle and / or cash deposit that combined will cover the purchase.
- Evidence of a purchaser for their current home.
- Selected a plot.

- b) We will prepare a Reservation Agreement which details all key elements of the purchase. Once the customer has approved the Reservation Agreement, we will take a £500 reservation deposit and buyers will be given 1-week to provide solicitors details.

10. Reservation fee:

- a) We require £200 reservation fee for shared ownership and £500 for outright sale reservations. The reservation fee deposit will be repaid upon sale completion by way of deduction from the sale completion monies required.
- b) We reserve the right to cancel the reservation for reasons including the customer's failure to provide solicitors details within one week of reserving, failure to exchange or complete the sale within the target timescale detailed on the reservation agreement (unless this is due to construction delays), a change in circumstances that means the buyer is unable to proceed with purchase or is no longer eligible for the tenure. If we are considering cancelling due to timescale breaches, then we will reflect on extenuating circumstances that may have affected the customer but will need satisfying that the sale can complete within a new target sale completion date.
- c) The customer can cancel the reservation at any point but is responsible for any legal or other fees they may have incurred.
- d) We will return the deposit less any administrative costs, currently set at 50%, we have incurred if the reservation is cancelled.

11. The legal process for shared ownership and outright sale

- a) Working with our solicitors, we will seek to identify and resolve any potential legal barriers to sale prior to marketing launch, through pre- and post-contract preparation, a legal set up meeting and due diligence.
- b) Customers will be provided with a clear list of administrative fees for transactions such as copy-leases, staircasing, LPE1 forms and providing management packs (*this is not an exhaustive list*). Shared Ownership customers will be provided with a suite of Key Information Documents at the appropriate stages.

12. The shared ownership lease

- a) We will use the model shared ownership lease provided by Homes England and pertinent to the funding programme and/or Section/planning agreements under which the home has been built.
- b) We will seek to adopt consistent management covenants across our new shared ownership leases, although there will sometimes need to be some variance due to circumstances specific to the development.

13. Designated Protected Areas

Where a scheme is to be delivered in a Designated Protected Area (DPA), approval will be sought in the first instance from the Local Authority to remove the DPA clause. Where not agreed, an executive decision will be required to confirm whether to restrict the staircasing to 80% or include the mandatory buyback clause in favour of Acis Group.

14. Unsold homes

- a) Our target is that all homes are sold within a 3-month period from the date of contractor handover, with our pro-active approach 'to promoting new homes' set out above. Sales progress and our marketing approach are regularly reviewed for each scheme.
- b) If a home is unsold 6 months after handover, then a formal options appraisal process will be undertaken. The options appraisal will be informed by diagnostics of why homes are unsold, including a review of the local housing market, and will conclude with a decision to be actioned. For example, a price reduction (*linked to a revised valuation*), implementing increased or altered incentives, increased investment in marketing and/or changes in the marketing and sales plan for the development. If necessary and incentives exhausted a decision will be made on whether to convert this into a rented home (Rent to Buy or Affordable Rent), in line with options appraisal, grant administration and Homes England/ Local Authority approval process.

15. Rent to Buy rent setting

- a) Rent to Buy rents will be set at 80% of market rent, inclusive of service charge, and raised by up to CPI + 1% each year.
- b) We will require Rent to Buy customers to be able to demonstrate they can afford the 80% rent but also have capacity to save. To do this we will assess affordability on the basis customers can demonstrate they can afford to pay the equivalent market rent for the property, albeit they will pay 80% of this.

16. After Care

16.1 New purchasers

- a) Customers will be given a home demonstration and provided with a home user guide, including new home warranty information, service charge information, defects reporting details, key contact details and other useful information.
- b) Defects will be managed in accordance with the building contract and stated response times, which will be shared with customers.

- c) If a home is sold towards the end or outside of a defects period, we will offer extended defect period. For shared ownership this would be 12 months and for outright sales purchasers, 24 months. This will apply even if recourse through the building contract is not contractually possible.
- d) In all cases we will offer a new home warranty for a minimum of 10 years after the property was built.
- e) At the point of handover all homes will have a valid, unexpired Gas (if applicable), Electrical Safety and Energy Performance Certificate.
- f) We will ensure all new home ownership customers, who have an ongoing relationship with Acis (*including outright purchasers whose only relationship relates to defects*) will be recorded on the housing management system and provided with key contact details upon sale completion.
- g) We will administer claims for the £500 repair allowance (applicable to relevant SO sales) in line with the terms of the lease and implement process and procedures for dealing with such.

17. Shared ownership staircasing

- a) Shared ownership re-sales and staircasing can happen at any time and will be managed in accordance with the shared ownership lease.
- b) Staircasing options under the new shared ownership model lease will be different to the previous model and a 1% gradual staircasing option will be available under the new shared ownership model only. This can take place over 15-years or fewer years and will not require a RICS valuation but be based on a calculation linked to the UK House Price Index. Administrative fees will not be charged on gradual staircasing.
- c) For non-gradual staircasing a minimum tranche of 5% under the new shared ownership model or 10% under the previous model will be required and the price will be based on an up to date RICS valuation.
- d) Any RICS registered Valuation Surveyor involved in staircasing must provide a declaration that they have no conflict of interest and will not personally benefit from the staircasing transaction or any future sale transaction beyond that of their standard fee.
- e) The shared owner will be expected to pay for the valuation and all administrative fees, although this is at our discretion and may be reviewed in exceptional circumstances.

18. Shared ownership re-sales

- a) We intend that our shared owners experience a resale service that upholds the intentions of the shared ownership scheme by ensuring resales are to eligible and sustainable households (unless the transaction is a back-to-back staircasing and resale at 100%) but does not create unnecessary delay in the process.
- b) In some instances, the shared ownership lease may provide Acis with right of first refusal to repurchase the shared owner's share upon a resale. In such instances we will undertake an option appraisal and inform the shared owner of whether this is Acis' intention, within two weeks of being notified by the shared owner of their intention to sell and prior to marketing (or within a timescale as otherwise stipulated by the shared ownership lease).
- c) If we believe that we may be able to nominate an eligible purchaser for a shared ownership re-sale within the nomination period, we will inform the shared owner promptly and charge an agreed reasonable administrative fee upon completion in accordance with the shared ownership lease.
- d) If we do not anticipate being able to source a purchaser within the nomination period, we will give the shared owner permission to market themselves / via an estate agent even if this is before the expiry of the nomination agreement.
- e) If a purchaser is not found within the nomination period then the shared owner is able to advertise at the 100% market value (as per a RICS valuation) and a staircasing and sale back-to-back linked transaction is an option, essentially allowing a buyer to purchase at 100%. Someone purchasing in this way will not need to meet the criteria for shared ownership. The exceptions to offering this option will be if prohibited by the Section 106 agreement or for shared ownership homes that have restricted staircasing such as some rural exception schemes and Older Person Shared Ownership.
- f) Applicants will be referred to our preferred IFA for assessment in the same way as customers buying new shared ownership homes. The same requirements will apply regarding consideration of a customer individual circumstances. Sign off sheets will be required by the preferred IFA in the same way and will be held on file in line with retention policies.
- g) Where possible the IFA will facilitate further share purchases (staircasing) at the same time as resale wherever possible to reduce any costs to the purchaser associated with staircasing in the future, as well as the level of rent to be paid. However, this is an option for resale purchasers rather than a requirement.

19. Shared owners in arrears and lease enforcement

- a) We will enforce management covenants in the lease, with a focus on anti-social behaviour, criminality and harassment, along with any conduct that prevents other residents from being able to peacefully enjoy their home.
- b) expect shared owners to pay rent and service charges in accordance with the lease terms. We will contact a shared owner when they are in arrears and if the issue is not resolved, we will seek to act. Action will be informed by the shared ownership lease, including the mortgage protection clause. We will also be guided by the mortgage consent letter and by the most current *joint Council of Mortgage Lender and National Housing Federation Guidance for handling arrears and possession sales of shared ownership properties*.
- c) We will signpost shared owners in financial difficulty to benefits support and advice.
- d) d) We will work with mortgage lender's on a case by case basis, considering how to avoid the shared owner losing their home while also seeking to mitigate against the rent the lender has paid becoming a large charge they reclaim upon possession.
- e)
- a) We have no obligation to purchase all or part of a property back from a shared owner. We will only offer the options of flexible tenure (downward staircasing) or buyback once we have developed a specific policy and this has been approved by Board.

19.1 Shared ownership requests for subletting

- a) Sub-letting of shared ownership homes is strictly prohibited as per the shared ownership model lease and therefore we have the right to refuse any request for sub-letting.
- b) On each occasion a sub-letting request has been made, the provisions within Homes England 'Capital Funding Guide' will be appraised.

19.2 Shared ownership requests for alterations

- a) We will need to provide consent to alterations or major improvements as per the terms of the lease. We will consider requests for alterations to the property against the shared ownership lease and transfer covenants.
- b) All alterations undertaken, when consent has been provided, will be at the expense of the shared owner and shared owners will be liable for reinstatement costs, if for example - the work does not meet any necessary building or planning regulations, or is

detrimental to the value we own, or is not what we had approved.

- c) We will consider whether the proposed alteration will invalidate any warranties or defects liability periods or likely cause nuisance to neighbours. If it does this is likely to lead to the request being refused. Any consents for major alterations that are offered will be conditional upon meeting any statutory requirements, such as Building Regulations and Planning Permission and delivered to an approved quality standard. A legal undertaking may be required depending on the nature of the works.
- d) We will also consider whether the shared ownership property was sold under the new shared ownership model lease or previous shared ownership lease, and how this impacts on our risk due to different repair liabilities.
- e) Requests for satellite dishes will be considered against the lease and transfer deeds. In some instances, consent may be given to a satellite dish at the rear of the property, but not the front.
- f) We will seek to approve all reasonable requests for making minor adaptations to a shared ownership property, such as grab rails etc.
- g) More significant adaptations (*such as the installation of a wet room or through-floor lift*) will require more detailed consideration. We will work closely with the shared owner and their Occupational Therapist to explore options when major adaptations are required including alternatives. Before we consent to the works, we may require a legal undertaking to protect our equity in a situation in which the adaptation may be detrimental to the value of the property.
- h) Shared owners will be expected to fund any permitted adaptations and/or alterations themselves and will be responsible for any applications for grant from the Local Authority

20. Rent to Buy

20.1 Rent to Buy Eligibility assessment:

- a) If we do offer Rent to Buy on new homes, then the eligibility of customers will be assessed against the Homes England Capital Funding Guide, i.e. employed households who do not own a property and aspire to be homeowners.
- b) A prospective Rent to Buy customer will be required to complete a Rent to Buy application form and we will assess this against the criteria for eligibility.

20.2 Rent to Buy tenancy matters:

- a) Homes will be let on fixed term Assured Short hold Tenancy

Agreements that are no longer than 2-years. Typically, we expect this to be a 12-month agreement with a new agreement entered into with the tenant at expiry during the first 5-years of the property's life, as long as the tenant is not in breach of the tenancy agreement.

Tenants who are in breach of the tenancy agreement will be served notice if the situation is not rectified after warning.

- b) Rent to Buy tenants do not have the Preserved or Voluntary Right to Buy or Right to Acquire even where these rights may have existed when the tenant was previously in social housing.
- c) Rent to Buy tenants will be expected to pay a deposit equivalent to one-month rent. This will be registered with a Deposit Protection Scheme and repaid less legitimate deductions at the end of tenancy, including if the tenant purchases outright or through shared ownership.

20.3 Rent to Buy sale options:

- a) For the first five years after the Rent to Buy property was built (practically complete) the property will not be sold outright to the tenant, irrespective of their circumstances, or on the open market if it becomes vacant. This is a Homes England funding condition.
- b) We may consider allowing a Rent to Buy tenant to purchase the home they rent via shared ownership, including during the first five-years of the property's life. This will only be an option if this makes business sense for Acis to do so and the tenant meets the eligibility and sustainability criteria for shared ownership. We are under no obligation to offer shared ownership as an option at any point and whether we do so will depend on the financial dynamics of the development and specific property. We will seek to inform the tenant if this is likely or not to be an option available prior to letting. The decision to sell through shared ownership will either be through delegated authority against Board pre-approved criteria or, if this is not in place, specific Board approval.
- c) After the property is 5-years old, tenants can approach Acis to purchase outright. We will seek to sell to the tenant if the tenant is not in breach of the tenancy agreement and the value is not lower than the development cost. If the value is lower than cost, then Board approval will be required to sell, or permission will be sought from Homes England not to sell due to the financial loss Acis would incur.
- d) At any point after a property is five-years old and becomes vacant due to the end of tenancy, an options appraisal will be undertaken. This will be based on strategic, asset management, financial and neighbourhood management considerations.
- e) All sales prices will be based on an unexpired RICS valuation at the time of the sale.

20.4 Other statutory sales schemes

- a) We will deliver other statutory sales schemes in accordance with government rules and guidance, using government prescribed forms and guides.

21 Service Charges and estate management

- a) We will seek to recover a service charge, including an administrative fee, from all our home ownership customers when this is applicable and permissible through the lease or transfer deed.
- b) For shared ownership homes and other relevant leaseholders (such as those living in flats we manage) we will always collect a Buildings Insurance fee for the property via a service charge.
- c) Service charges will reflect the actual expenditure incurred and be variable and adjusted each year to respond to underspend and overspend against budget.
- d) If a service charge is payable to a third-party Managing Agent, then, in the case of Shared Ownership or Rent to Buy we will collect this from the customer and pay the Managing Agent.
- e) We will work to ensure our service charges and rechargeable works are reasonable and transparent.
- f) We will not charge ground rents on our new homes.
- g) We will seek to achieve Value for Money on service contracts and rechargeable works through our procurement process.
- h) We will follow the consultation process of Section 20 of the Landlord and Tenant Act with regards to the procurement of any works contracts and long-term agreements that qualify. In cases when there is a third-party managing agent, we will expect the agent to undertake the Section 20 consultation.
- i) For our developments that have a majority of homes for outright sale, we will seek to establish a Residents Management Company (unless there is a clear strategic reason not to), with individual homeowners each holding a shareholding and Acis holding a share for each rented or shared ownership home.