

# Property Acquisition Policy



Dalmuir Park Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

<b><i>Purpose of the policy:</i></b>	To establish DPHA's policy and set out our position on buying back shared ownership and fully owned properties
<b><i>Guidance used for developing the policy:</i></b>	Scottish Government Guidance Note HIGN 2009/07 Scottish Government Guidance Note HSGN 2012/02.
<b><i>Policy complies with the following Regulatory Standards:</i></b>	1. The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. 2. The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. 3. The RSL manages its resources to ensure its financial well-being and economic effectiveness. 4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
<b><i>Policy is linked to the following DPHA policies</i></b>	Finance Regs/procedures Complaints Policy Privacy policy Equality & Human Rights Policy
<b><i>Date Policy last reviewed:</i></b>	May 2024
<b><i>Date revised policy approved by the Board of Management (or PRWG if delegated):</i></b>	June 2024
<b><i>Date policy is next due to be revised:</i></b>	June 2027
<b><i>Equality Impact Assessment carried out for policy?</i></b>	EIA attached
<b><i>Publish on the website:</i></b>	Yes

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## **1.0 INTRODUCTION**

- 1.1 The Association developed several Shared Ownership Properties as part of its new build developments in the 1990's, to deliver low-cost home ownership options to the community. As a registered Property Factor, it factors many properties, within the local area, which are privately owned.
- 1.2 The Association's Property Acquisition Policy sets out the framework for determining whether a property should be bought back or acquired.
- 1.3 In retaining the option to buy back or acquire a property, the Association will manage its exposure to financial risk whilst assisting with tenancy sustainment and the prevention of homelessness.

## **2.0 AIMS OF THE POLICY**

- 2.1 The aim of this policy is to ascertain the financial viability of the Association buying back a property from a sharing owner or owner upon their request. The policy will also allow the Association to opportunity to acquire vacant properties on the open market.
- 2.2 This Property Acquisition Policy has been devised in conjunction with Scottish Government Housing Investment Guidance Notes (HIGN 2009/07) {Appendix 1} and HSGN 2012/02 {Appendix 2}
- 2.3 This guidance allows the Association, to buy back or acquire a property for the purpose of increasing its housing stock but also provides the following options depending on whether a property is to be purchased with vacant possession or with a sitting owner:

Vacant possession and make it available for rent so long as:

- the Local Housing Strategy demonstrates to the satisfaction of the current grant provider or a clear shortage of rented, and;
- no additional grant is required for the purchase.

Offer the tenancy to the former sharing owner, or owner, so long as:

- the Association confirms that it has a policy, which sets out how it will assess and prioritise such cases, and;
- no additional grant is required.

### **3.0 LEGAL AND REGULATORY REQUIREMENTS**

- 3.1 In buying back or acquiring a property, the Association will ensure that it complies with legislative requirements and demonstrate best practice in relation to buying back the property.

### **4.0 PROCEDURAL FRAMEWORK**

- 4.1 A sharing owner, or owner, must write to the Association asking the Association to purchase their property.
- 4.2 The Association will only consider purchasing the property based on a valuation by the District Valuer Service. The same principle applies if the Association is considering purchasing a vacant property on the open market.
- 4.3 Each party will be responsible for the cost of their own legal fees. The valuation fee will be split evenly between both parties. The sharing owners or owners share can be deducted from the purchase price.
- 4.4 Monies outstanding to the Association e.g., rent, repairs costs, factor's accounts or other monies owed to the Association, will be deducted from the purchase price at settlement.
- 4.5 The sharing owner, or owner, will be required to sign a standard Scottish Secure Tenancy Agreement prior to completion of the transaction. The Association will offer appropriate tenancy support to help ensure the tenancy is maintained.
- 4.6 An investment appraisal must be carried out to ascertain the financial viability of the purchase. The appraisal will consist of a 30-year cash flow incorporating the new rent charge for the property less purchase price, legal fees and costs for managing and maintaining the property, including estimated future maintenance costs. Where the property is situated in an external factored development, these costs should also be included. The financial appraisal should ideally show a positive value within 20 years, but 30 years maximum, noting each property will be considered on its own merits from a business perspective.
- 4.7 Consideration in the investment appraisal should be given to NPV, cashflow, demand and compliance with lending covenants.
- 4.8 A report on each potential property buy back or acquisition, together with its investment appraisal, must be submitted to the Board for approval to proceed with purchase.

- 4.9 Where possible, an application should be submitted to the Scottish Government Rental Off the Shelf Scheme (ROTS) for grant funding for fully owned properties.

## **5.0 EQUALITY AND HUMAN RIGHTS**

- 5.1 We are committed to promoting an environment of respect, understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. This is reflected in our Equality and Human Rights Policy.

## **6.0 COMPLAINTS**

- 6.1 Although we are committed to providing high levels of service, we accept that there may be occasions where customers are not satisfied with the service, they have received from us. We value all complaints and will use this information to help us improve our services. Our Complaints Policy describes our complaints procedure and how to make a complaint.

## **7.0 DATA PROTECTION**

- 7.1 We will treat all personal data in line with our obligations under the current data protection regulations and our Privacy Policy. Information regarding how all data will be used and the basis for processing your data is provided in our Customer Fair Processing Notice.

## **8.0 REVIEW OF POLICY**

- 8.1 This policy will be reviewed 3 years after it has been approved by the Board, or earlier if required.

**HOUSING INVESTMENT GUIDANCE NOTE****The Scottish  
Government****To: All Registered Social Landlords****Subject: Shared Ownership Procedures  
Guide: Amendment re buy back and  
re-sales****Ref No: HIGN 2009/07****Issued by: Housing Investment Division****Page: 1 of 2****Issued: May 2009**

This guidance note tells you about a change to the operational procedures for shared ownership. It is an amendment to section 3.12 of the Shared Ownership Procedures Guide set out in SHGN 2000/15. **This change will take effect immediately.**

You will find a copy of this guidance note on the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/Investment/guidancenotes>

This Guidance Note has been copied to Glasgow and Edinburgh City Councils, COSLA and SFHA.

## **Introduction**

SHGN 2000/15 sets out the operational procedures for administering shared ownership projects. With regard to buy back and re-sales, section 3.12 of the operational procedures currently states that if a sharing owner wishes to move from their home then the registered social landlord can buy back the property (if it wishes). The registered social landlord can however only buy back the property for the purpose of re-sale on a shared ownership basis.

## **Change to Shared Ownership Procedures Guide**

This guidance note amends section 3.12 of the Shared Ownership Procedures Guide. With immediate effect, if a registered social landlord wishes to buy back a shared ownership property, the following options are available depending upon whether a property is to be purchased with vacant possession or with a sitting tenant:

- A registered social landlord can purchase a shared ownership property with vacant possession and make it available for rent, so long as:
  - (i) the Local Housing Strategy demonstrates to the satisfaction of the current grant provider, a clear shortage of rented housing relative to the need for shared ownership, and
  - (ii) no additional grant is required; or
- A registered social landlord can if it wishes, purchase a shared ownership property and offer the tenancy to the former sharing owner, so long as:
  - (i) the registered social landlord confirms that it has a policy which sets out how it will assess and prioritise such cases, and
  - (ii) no additional grant is required.

This procedural change has been agreed with Scottish Housing Regulator colleagues.

**If you have any questions about any of the above please contact your local Scottish Government Regional Office or, in the case of Edinburgh and Glasgow, the City Councils.**



**HOUSING INVESTMENT GUIDANCE NOTE****To: All Registered Social Landlords****Subject: Changes to the Shared Ownership Procedures Guide****Ref No: HSGN 2012/02****Issued by: Housing Supply Division****Pages: 15****Issued: January 2012**

This Guidance Note tells you about changes to the Shared Ownership Procedures Guide (SHGN 2000/15). This note provides guidance on allowing a sharing owner to let their property and it also refreshes guidance on occupancy payments.

The note also contains a letter in Annexe D for registered social landlords to send to a sharing owner to remind them that they can purchase additional equity in their property and a letter in Annexe E to be sent to a Sharing Owner around 12 months prior to the expiry of an Exclusive Occupancy Agreement.

You will find a copy of this guidance note on the Scottish Government website at <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment/guidancenotes>

This Guidance note has been copied to Glasgow and Edinburgh City Councils, SFHA, and COSLA.

**If you have any queries on the contents of this Guidance Note, please contact your local Scottish Government Area Office, or in the case of Edinburgh and Glasgow the City Councils.**

**Housing Supply Division  
January 2012**

## Background

1. In 2010, ODS consulting carried out an [independent evaluation](#) of four of the LIFT schemes on behalf of the Scottish Government. The Scottish Government set out its response to the evaluation findings and ODS' recommendations and a copy of this can be found at [www.scotland.gov.uk/LIFT](http://www.scotland.gov.uk/LIFT).

2. Whilst the Scottish Government has indicated that it does not currently plan to continue providing funding to support the shared ownership scheme, it has indicated that where shared ownership schemes have already been approved by the Scottish Government, City of Edinburgh or Glasgow City Councils these developments will still be allowed to proceed as planned. The contents of the Shared Ownership Procedures Guide will therefore still be relevant for Housing Associations to note in dealing with both new and existing sharing owners.

## Occupancy Payment

3. ODS' evaluation report highlighted a lack of clarity amongst sharing owners with regard to their understanding of how an occupancy payment is calculated.

4. When setting an occupancy charge, Associations should aim to ensure that their occupancy charges reflect their actual costs rather than for example basing the occupancy charge on historic costs and increasing these by RPI plus a fixed percentage each year. When calculating this charge, Associations should also take into account the fact that the sharing owner is responsible for meeting the cost of all repairs and maintenance.

5. Associations should provide sharing owners with a clear explanation of exactly what each component of the occupancy payment covers and how it has been calculated, before the sharing owner enters into a shared ownership agreement. An outline calculation is set out in the attached Schedule (**Annex A**). Associations should ensure that sharing owners clearly understand if service/factoring charges are an additional cost they have to pay for over and above the occupancy payment. Again, this information should be provided to an individual before they enter into a shared ownership agreement.

6. The Exclusive Occupancy Agreement will provide that the occupancy payment will be reviewed on an annual basis if this complies with the association's rent policy. A sample Occupancy Payment Review Notice is set out in the attached **Annex B**. A copy of the association's approved rental policy should be made available to the sharing owner on request.

7. When a sharing owner elects to buy a further share of the property, the occupancy payment must be recalculated to reflect the reduction in the share owned by the association even if this co-coincides with the occupancy payment review date.

## Occupancy Payment Disputes – Independent Valuation Service

### Scope of the Service

9. The need for an independent valuation service will arise where a sharing owner disputes the level of occupancy payment to be charged on that share of the property in the ownership of the association.

10. An independent valuer will be a Chartered Surveyor nominated by the Chairman for the time being of the Royal Institution of Chartered Surveyors, (RICS) from a panel of valuers drawn up by RICS. This service will be available throughout Scotland.

### Legal & Funding Arrangements

11. Part II of the Schedule (see **Annex A** attached) to the Exclusive Occupancy Agreement sets out the legal obligations on the association and sharing owner where the occupancy payment is appealed. The costs of settling the occupancy payment dispute will be apportioned by the independent valuer between the parties in the dispute as he deems equitable.

### Application Form

12. In the event of an association and sharing owner being unable to resolve a dispute, an application should be made to the Chairman of RICS accompanied by a copy of the Exclusive Occupancy Agreement and a reference to (or copy of) the association's rental policy. The application should follow the wording of the form contained in **Annex B** attached. The form is standard for rental disputes and need not be amended to cover the situation for shared ownership. The occupancy payment will be treated as rent for the purpose of the dispute.

13. The form is intended to provide basic information relevant to the dispute at this stage. Both the association and the sharing owner are free to provide any additional information they consider material to the dispute.

### Conduct of Valuation

14. The valuer will not act in the capacity of an arbiter. The valuer will have a duty of investigation and will base the decision on the basis of his own knowledge/experience of the housing market in this area and the results of the investigation.

15. On receipt of the necessary documentation the valuer may require further information from both parties. The valuer will arrange to visit the property and combine his inspection of the house with a brief hearing which the sharing owner and a representative of the association will be invited to attend.

## Private Letting

16. ODS' Evaluation Report noted that a small number of sharing owners were concerned about housing mobility due to difficulties with demand for their shared ownership properties. To provide greater flexibility for this minority of sharing owners, and subject to the conditions set out below being satisfied, the Scottish Government would encourage housing associations to look favourably upon applications from sharing owners to privately let out their properties.

17. In Section 3 *Marketing, Rent and Sales* the *Private Letting* of the Procedure Guide SGHN2000/15, the text below should be inserted after the *Sales on Default* provisions [3.22 - 3.29] and the *General Financial Consideration* provisions should be renumbered accordingly [i.e. 3.31 - 3.33].

### ***"Private Letting***

3.30. *If the sharing owner wishes to move from the property but is prevented from doing so because:*

- *the housing association elects not to exercise its option to buy back the property as set out in the Exclusive Occupancy Agreement (see Buy Back and Re-Sales provisions);*
- *the housing association is unsuccessful in trying to facilitate a direct sale from one sharing owner to another; and*
- *the housing association and the owner has been unsuccessful in selling the property on the open market (see Joint Open Market Sales provisions) after a six month period;*

*the housing association will not unreasonably withhold their written consent to the sharing owner's application to let the property subject to the required legal and financial formalities being successfully completed. Such consent should only be given subject to:*

- *the sharing owner obtaining the written consent of their lender to let out the property;*
- *any let should be provided for a limited period of time and should be no longer than a 12 month period of time;*
- *any lease provided to a tenant is a properly constituted short-assured tenancy that contains certain rights to terminate.*
- *the property being let either by the housing association as temporary accommodation or privately by the owner on a short assured tenancy (if the property is let by the housing association the owner should receive a share of the rental income, based on the proportion of share of the home that they own minus any reasonable management costs, and should no longer be required to pay their occupancy charge fees, except the cost of building insurance);*
- *if the property is let privately, the owner registering as a private landlord with the relevant local authority. Further information on the registration process is located on the Scottish Government website at*  
<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/privaterent/landlords/registration>

*The housing association should agree with the owner that the consent to let the property should be reviewed annually to consider whether the home can be sold at that time.”*

18. The following wording should be inserted as a new Section 8 of the Procedures Guide:

***“Post Sale Information for Registered Social Landlords***

8.1 On the **fifth, tenth, and fifteenth** anniversary of the settlement of a shared ownership transaction, registered social landlords should send a copy letter (the content of which is set out in **Annex D**) to a sharing owner which will remind them that they can purchase additional equity.

8.2 At least **12 months prior** to the end of the term of the Exclusive Occupancy Agreement entered into between a sharing owner and a registered social landlord, the registered social landlord should send a copy letter to the shared ownership owner (the content of which is set out in **Annex E**) to advise them that the terms of the Exclusive Occupancy Agreement are due to expire.”

## ANNEX A

### CALCULATION OF THE OCCUPANCY PAYMENT

1. The Occupancy Payment payable by the Sharing Owner comprises:-

- a Basic Payment calculated in accordance with the association's approved rental policy, multiplied by the Association's share ;
- a Management fee/Insurance Charge; and
- a Service Charge in respect of the maintenance and other services provided by the Association

and is made up as follows:-

BASIC PAYMENT x ASSOCIATION'S SHARE (£ x share)	=£
MANAGEMENT FEE	+£
INSURANCE CHARGE	+£
SERVICE/FACTORING CHARGE	+£
TOTAL OCCUPANCY PAYMENT	=£

2. The Occupancy Payment is subject to annual review on [enter date] each year.

3. The Association will give the Sharing Owner not less than four weeks notice of any proposed change in the Occupancy Payment in the form shown in Appendix 1 attached.

4. Where a Service Charge is payable, the Association will issue a statement (see Appendix 2 attached) of projected costs for the coming year, duly certified by its authorised officer, to the Sharing Owner along with the Occupancy Payment review notice.

5. If the sharing owner wishes to contest the Occupancy Payment chargeable, he may serve a notice on the Association of intention to appeal no more than four weeks after the date of service of the Occupancy Payment review notice.

6. If the Association and the Sharing Owner cannot agree on the Occupancy Payment chargeable within four weeks of the date of service of the Sharing Owner's notice of intention to appeal, either party may apply to an independent valuer to fix the Occupancy Payment. An independent valuer should be a Chartered Surveyor nominated by the Scottish Branch of the Royal Institution of Chartered Surveyors. The decision of the independent valuer will be final and binding. The expenses of the appeal will be allocated between the parties by the independent valuer as he considers fair as part of his determination of the appeal. The decision of the independent valuer will be final and binding.

7. If the Sharing Owner does not serve written notice of their intention to appeal within the time limit he will be deemed to have agreed the Occupancy Payment shown in the Occupancy Payment Review notice.

8. If the Sharing Owner serves a notice of intention to appeal within the time limit, he shall nevertheless be liable for payment of the Occupancy Payment shown in the Occupancy Payment review notice from the relevant date until another Occupancy Payment has been agreed between the Association and the Sharing Owner, or until the appeal is decided, as the case may be.

## ANNEX B – Schedule 1

### OCCUPANCY PAYMENT REVIEW NOTICE

This is an important notice. If you take no action, we will assume you have agreed to pay the Occupancy Payment outlined below.

Date:

To: (name and address of sharing owner)

From: (name and address of Association)

Re: (address of property)

We are writing to tell you that with effect from [enter date], the Occupancy Payment payable will be [enter amount]. The increase/decrease in your Occupancy Payment is due to [insert explanation]. Your new Occupancy Payment is made up as follows:-

BASIC PAYMENT x ASSOCIATION'S SHARE (£ x share)	=£
This covers: <i>insert details of costs</i>	
MANAGEMENT FEE	+£
INSURANCE CHARGE (if applicable)	+£
<i>Insert Buildings insurer details and amount charged per property</i>	
SERVICE (OR FACTORING) CHARGE (if applicable)	<u>+£</u>
This covers: <i>see Appendix 2 attached</i>	

TOTAL OCCUPANCY PAYMENT

=£xper(insert time period)

### APPEAL

If you wish to appeal the Occupancy Payment chargeable you have **four weeks** from the date of service of this notice to write to us to tell us you that you intend to appeal. Written notice must either be delivered by hand or sent by recorded post to our address above.

If agreement cannot be reached between us on the Occupancy Payment chargeable within four weeks of the date of service of your notice of intention to appeal then either you or we may apply to an independent valuer to fix the Occupancy Payment. An independent valuer being a Chartered Surveyor nominated by the Scottish Branch of the Royal Institution of Chartered Surveyors. The decision of the independent valuer will be final and binding. The expenses of the appeal will be allocated between the parties by the independent valuer as he considers fair as part of his determination of the appeal. The decision of the independent valuer will be final and binding.

The Occupancy Payment shown in this notice will be payable unless and until you and we agree another Occupancy Payment or until another Occupancy Payment is fixed by an independent valuer.



## NOTES

If you do not serve written notice of your intention to appeal within the time limit set out above, you will be liable for payment of the Occupancy Payment as shown in this notice.

The date of service of any notice will be deemed to be the date of delivery if the notice is delivered by hand, or two working days after the date of posting if the notice is sent by recorded delivery post.

\_\_\_\_\_  
On behalf of [enter name of Housing Association] Signature

## **ANNEX B – Schedule 2**

### **SERVICE CHARGES**

The Association will provide the following services

(list all services provided)

The Association may add to, withdraw or change the services after consultation with the Sharing Owners, on giving not less than four weeks notice of any material change.

## ANNEX C

### THE ROYAL INSTITUTIONS OF CHARTERED SURVEYORS IN SCOTLAND JOINT APPLICATION TO THE CHAIRMAN OF RICS IN SCOTLAND FOR THE NOMINATION OF AN INDEPENDENT VALUER (FOR USE WHERE SHARING OWNER IN DISPUTE WITH HOUSING ASSOCIATION OVER THE LEVEL OF OCCUPANCY PAYMENT TO BE CHARGED BY THE ASSOCIATION

(Please note that for the purposes of this form, the term Independent Valuer requires the surveyor to decide any reference on the basis of his or her own experience, knowledge or investigation. The powers available to the Independent Valuer are more extensive than those available to an Arbiter, who can only make his decision on the basis of the argument put to him by the parties to the dispute.)

APPLICATION (please complete or delete as appropriate in block capitals)

We \_\_\_\_\_ and

\_\_\_\_\_

Hereby request the Chairman of the Scottish Branch of the Royal Institution of Chartered Surveyors in Scotland to nominate an Independent Valuer to act in the circumstances described below.

Address of property for which the Occupancy Payment is to be reviewed.	
Type of property, e.g. detached house, semi-detached house, terraced house, flat, other (please state type)	
Proportion of property to which the Occupancy Payment applies	
Date of Exclusive Occupancy Agreement	
Date of last review of Occupancy Payment (if any)	
Present Occupancy Payment	
Name and address of Housing Association	
Name and address of present sharing owner(s)	

Name of any professional advisors, e.g. if linked with the Housing Association or sharing owner (a) Housing Association (b) sharing owner	(a) (b)
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### Notes

1. See attached sheet for sharing owner's brief assessment of Appeal or letter received intimating appeal.
2. Please ensure you enclose a copy of the complete Exclusive Occupancy Agreement (including a reference to the Housing Association's rental policy).

Signed \_\_\_\_\_

\_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
(on behalf of the Housing Association)

## ANNEX D

### **Letter to be sent to Sharing Owners on 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> Anniversary of settlement of shared ownership transaction.**

*To be typed on the registered social landlord's headed notepaper*

(Name and address of sharing owner(s))

Date:

I am writing to you about the property at [address] which you bought [number of years] ago with help from the Scottish Government's Shared Ownership scheme. You currently have a stake of [enter percentage] in this property.

#### **Increasing the size of your equity stake**

I would like to remind you that you can buy further shares in the property (in multiples of 10 per cent) at any time after the first anniversary of your initial purchase, (subject to one staircasing transaction per year) at a cost based on the current market value of the property. In line with all Scottish Government Low Cost Initiative for First Time Buyers (LIFT) schemes, you will be required to pay for all valuation costs and your own legal costs and expenses.

#### **Before you increase your stake in your property, you are advised to take independent financial and legal advice.**

If you decide you want to increase your equity stake then you must write to [name of Registered Social Landlord], using the address at the top of this letter, to tell us that this is what you want to do. You will also need to tell us the size of the equity stake you wish to buy. We will then instruct a valuation of your property and we will write to you with details of the valuation and the valuation fee within seven days of receiving it. If you increase your equity stake then there will be a change in the Occupancy Payment that you pay. We will therefore also tell you what your new Occupancy Payment will be if you increase the size of the equity stake you hold in this property. You then have three months to increase your equity stake from the date you receive notification from us of the valuer's valuation.

#### **Exclusive Occupancy Agreement**

We are also writing to remind you that the Exclusive Occupancy Agreement you entered into when you bought the initial stake in your property lasts for <Registered Social Landlord to complete> years. The Exclusive Occupancy Agreement that you entered into is due to expire on [Registered Social Landlord to enter date].

This means that before this date you will be expected to have:

- increased your equity stake up to 100 per cent; or
- sold your home; or
- make alternative financial arrangements which will enable you to buy a 100 per cent equity stake in the property.

Although not stated in the Agreement there is another alternative which is that the existing Exclusive Occupancy Agreement is extended for an agreed period. We will write to you 12 months prior to the expiry date of your Minute of Agreement with further information.

We will also contact you again in around 5 years time to remind you that you have the option of increasing the equity stake you hold in your property and to let you know how long your current Exclusive Occupancy Agreement has to run.

Yours sincerely

## ANNEX E

### **Letter to be sent to a Sharing Owner around 12 months prior to the expiry of an Exclusive Occupancy Agreement**

*To be typed on the registered social landlord's headed notepaper*

(Name and address of sharing owner(s))

Date:

Insert Name of Property (the "Property")

Insert Name of Registered Social Landlord (the "Association")

We are writing to remind you that the Exclusive Occupancy Agreement you entered into when you bought the initial stake in your property lasts for *<registered social landlord to complete>* years. At present the stake of the Property owned by you is (*Registered Social Landlord to insert      %*) ("Your Stake") and the Stake owned by us is (*Registered Social Landlord to insert      %*) "the Association's Stake")

The Exclusive Occupancy Agreement that you entered into is due to expire on [*Registered Social Landlord to enter date*] (the "**Termination Date**"). **We enclose a copy of the Agreement and suggest you discuss this with your legal and financial advisers as soon as possible.**

Under the terms of your Exclusive Occupancy Agreement, you are required to buy the Association's Stake at market value before the Termination Date. If you are unable to do this, the Association will have the right to buy Your Stake or sell the Property and divide the proceeds in proportion to our respective Stakes with (*Registered Social Landlord to insert %*) of the net proceeds being paid to us and (*Registered Social Landlord insert %*) being paid to you.

**Although not stated in the Agreement there is another alternative** which is that the existing Exclusive Occupancy Agreement is extended for an agreed period and if following discussions with your advisers you wish to select that option you or your advisers should write to us setting out why you would like us to extend the terms of your existing Agreement. We will consider your request and we will be back in touch with you as soon as possible. If we do agree to your request, you will be required to enter into a new Exclusive Occupancy Agreement.

You should be aware that when you enter into a new Exclusive Occupancy Agreement, you will be responsible for meeting your own costs (including our own reasonable administrative costs) together with all registration costs and you should again discuss this with your advisers.

Yours sincerely