

HORIZON HOUSING ASSOCIATION LIMITED	HOUSING POLICY
TITLE	SHARED OWNERSHIP BUY BACK POLICY
DATE OF APPROVAL	DECEMBER 2007
DATE OF REVIEW	DECEMBER 2010

1. STATEMENT OF POLICY

- 1.1** The Association has developed a number of Shared Ownership Housing Units within its stock as a contribution to meeting corporate objectives.
- 1.2** The aim of the policy is to ensure that when a Sharing Owner wishes to sell their share in a property that the Association retains its right to have the opportunity to buy the sharing owners share of the property at the current market value as determined at the time by an independent valuer.
- 1.3** In retaining the option to buy back the Association will manage its exposures to financial risk whilst retaining an alternative form of tenure to outright purchase and social renting. At this time, the Association is not exercising its right to buy back and the sharing owners are selling their share of properties on the open market.

2. PROCEDURE

- 2.1** There are several different Agreements in operation with the Sharing Owners as these were drawn up by different solicitors at the time of sale so therefore the procedure can slightly differ – and conditions that apply need to be checked on an individual basis when these sales arise. In the main the following applies:

3. DEFAULT OR DEATH

- 3.1** Should the sharing owner default on payments due to the Association, the Association may have its solicitors serve a Notice giving 28 days Notice that the Association intends to terminate the Occupancy whereupon all rights of the Sharing Owner to exclusive occupation of the Property shall cease. Should they continue to occupy the property after termination of the Occupancy they will be liable to pay the Association an equivalent sum to the Occupancy payment which was due prior to the default or termination until the Sharing owner removes from the property. In this scenario the Association has the option to either purchase the Sharing Owner's Share of the Property or require the Sharing Owner to conjoin with the Association in the

joint sale of the property with vacant possession on the open market for the best price that can be reasonably obtained.

3.2 If at the end of 20 years the Sharing Owner has not exercised their right to purchase the property outright, the Occupancy Agreement shall end. The Sharing Owner has the right to purchase the Association's share immediately on expiry of the 20th year of Occupancy or both parties can enter into a further agreement to extend the Occupancy Agreement for a further agreed period. The Association also has at this time the option that if the Sharing Owner has not purchased within the 20 year period, they can exercise its option to purchase the Sharing Owners portion of the property, provided it has served them with a notice to this effect within 2 months of the expiry date of the Occupancy Agreement. If neither party exercises its right to purchase or if the Sharing Owner does not wish to enter into a further agreements, the parties shall have to jointly sell the property.

3.3 The Occupancy Agreement shall terminate immediately on the death of the Sharing Owner. The Association can purchase the remainder of the property at this time or agree to enter with the Executors in a joint sale of the property or allow them to sell their share on the Market. The Association must serve a notice on the Executor within 42 days if it wishes to purchase, failing which it will be deemed they have agreed to join with the Sharing Owner in the sale of the Property.

4. VOLUNTARY REMOVAL

4.1 If the sharing owner wishes to remove from the property they should serve a notice in writing on the Association giving the Association the option to either purchase the Sharing Owners Share, join with the Sharing Owner in the Sale of the of the whole property or allow the Sharing Owner to sell their share on the open market. If the Association wishes to purchase it must serve a notice on the sharing owner within 42 days of its intention to purchase. The Association must settle the sale within 8 weeks. Should the Association fail to serve a notice it shall be deemed to have agreed to join with the Sharing Owner in the sale of the property. Occupancy would terminate upon settlement by the Association of the Sharing Owners Share.

5. NO MARKET FOR SHARED OWNERSHIP

5.1 If the Association has bought the property back from the Sharing Owner it will advertise the sale of the share of the property on the open market either at or above the existing tranche level. In the event that the efforts to sell the property are unsuccessful, the Association would require Communities Scotland (or any subsequent successor's) approval to sell at a lower tranche.

5.2 In instances where the association has bought the property back and there is no apparent market for shared ownership, the Association will seek approval from Communities Scotland (or any subsequent successor) and the Management Committee to either offer the property for sale at 100% on the open market or rent the property. The decision to implement this option would be only as a last resort and only after all reasonable efforts to market the shared ownership property had failed, as a guide a 3 month rule would apply.

5.3 In instances where the Sharing Owner has been unable to find a purchaser for their share of the property on the open market the Association may purchase the unit and either allocate it as rented accommodation or alternatively offer to sell the property at 100% on the open market. In either case there is a requirement to seek Management Committee Approval and the approval of Communities Scotland (or any subsequent successor) and the relevant lender where the Association has a mortgage on the property.

6. LEGAL ISSUES

6.1 In all issues relating to Sharing Owners increasing their tranche, selling their part ownership of the property or defaulting on payments Solicitors will be appointed to act on the Association's behalf.

6.2 The Association will advise Communities Scotland (or any subsequent successor) informed of any tranche purchases.

7.0 REVIEW OF POLICY

The policy will be formally reviewed every 3 years.