

HORIZON HOUSING ASSOCIATION LIMITED	<b>HOUSING SERVICES</b>
TITLE	<b>FACTORING AND PROPERTY MANAGEMENT POLICY</b>
DATE OF APPROVAL	<b>MARCH 2008</b>
DATE OF REVIEW	<b>MARCH 2011</b>

### **1.0      AIM**

Factoring is the provision of Property Management Services to persons who are not Association tenants.

Initially, these were Sharing Owners in property developed by the Association. Over time they have come to include former Sharing Owners who have stair cased to 100% ownership and owners who have purchased former Shared Ownership property in an open market sale.

### **2.0      PURPOSE**

- The purpose of this policy is
- to establish the Association's objectives in relation to property management,
  - to provide a basis for decision making in relation to property management matters,
  - to ensure clarity and accountability in property management matters,
  - to provide a quality service.

### **3.0      DEEDS OF CONDITION**

The Association is governed by the Law of Statute and Law of Contract in so far as they relate to property management activities. The Deeds of Condition will be the legal document for sharing owners and outright owners and should form the basis of all dealings with these customers.

The Deeds of Condition will include the following:

- A definition of the property, together with location plan
- Definition of the common parts, the private parts, and the rights of use and access and the responsibilities for maintenance relating to the same,
- Definition of the common charges for which each proprietor shall be responsible, specifying and handling of repairs (both reactive and cyclical or planned), management and Administration charges, insurance premiums and service charges,
- Reserved rights of access for the Association or its agents to property not in its ownership,
- Provisions for instructing, inspecting and executing common maintenance,

- Arrangements for the accounting of Common Charges and invoicing and payment thereof, including debt recovery procedures,
- Arbitration and resolution of disputes,
- Insurance Arrangements,
- The duties of the factor and the appointment of the Association as Factor,

Title deeds vary from development to development, In all instances the Association shall instruct that the Deed of Conditions will contain sufficient powers for the Factor to adequately manage the property and recover their costs of doing so.

Examples of the costs include:

- The whole costs of buildings insurance obtained by the Association in respect of the proprietor's property,
- The whole cost of any repairs instructed by the Association in acting as Factor,
- The whole costs of any services provided to the proprietors by the Association in acting as Factor,
- The Association's administrative costs incurred in acting as Factor. These shall be reviewed with regard to the actual costs of Factoring,
- The proprietor's assessed contributions by the factor to the Cyclical maintenance fund, where applicable,
- Any supplementary contributions required to the Cyclical Maintenance Fund in the event of a shortfall, where applicable,
- All relevant taxes e.g. VAT at ruling rate.

The remainder of this policy will indicate how the Association will generally deal with issues relating to sharing or outright owners. However, it is the Deeds of Condition that should always inform individual cases and should always be referred to in relation to any issue.

### **3.0 MAINTENANCE DUTIES**

#### **3.1 Emergency Works to Common Parts**

The Association shall attend to Emergency and Urgent repairs that affect the common parts without prior notice to the proprietors. This work will be in accordance with the Association's Maintenance Policy.

The work instructed will be to make safe and prevent further deterioration or danger. Thereafter it will be dealt with as a routine repair. Details of the procedure at below.

#### **3.2 Repairs to Common Parts**

Repairs to common parts can be carried out without prior notification by the factor if the value per property is of a minimal amount (£200 can be used as a guide). However it is in the Association's interest to give the proprietors advance notice before actioning any

routine repair.

When notifying the proprietors the factor will aim to provide the following information:

- The works required,
- The cost per proprietor affected,
- The number of proprietors affected,
- A completion date and the contractor who will undertake the works,
- The amount held in the account when applicable.
- As factor, we can arrange for work to be carried out with or without consent of all owners/ proprietors.
- The share of the cost of these repairs will be dependent on the number of owners/ proprietors it affects. The title deeds will specify the relevant share.
- As factor we can arrange for all emergency work where we believe there is a risk to the owners/ proprietors or property, without any prior notice.
- Minor repairs to common parts can also be carried out with or without prior notification.
- Major works will require prior agreement from the majority of owners. A meeting should be called giving each proprietor/ owner or their agent the opportunity to attend with at least 7 days advance notice.
- The meeting will discuss the need or desire for the work & the consequences of not doing the work. A majority agreement is the aim. Each proprietor is entitled to one vote per property.
- If a majority vote does not prevail, the chairperson of the meeting has a casting vote.
- Repairs will be billed separately as & when required. Details will include, who reported, when it was carried out, by whom and the total cost.

The decision to appoint a contractor will be in accordance with the Association Procurement Policy and always within the Financial Regulations.

### **3.3 Emergency Out Of Hours**

Proprietors shall have available to them the services of an Emergency Contact Number for Emergency Repairs to common parts and their home. The emergency operator can instruct the execution of a repair which is solely the proprietor's responsibility, however the proprietor shall pay the full costs of the repair including any administration fee payable to the emergency administrator.

### **3.4 Contributions**

Where the title deeds indicate, the Association shall collect an appropriate sum from proprietors annually in respect of their contributions to the Cyclical Maintenance Fund. This fund is based on the anticipated expenditure of works for cyclical maintenance and

planned renewals over the life expectancy of the building.

The Association shall reserve the right to require supplementary contributions to the fund if its assumptions regarding anticipated expenditure prove to be inadequate.

The charge levied will be based on the Life Cycle Costing Exercise in relation to that development.

### **3.5 Access**

The Association shall retain the right of access, with appropriate notice, except in an emergency, to inspect, instruct or execute repairs to the common parts.

### **3.6 Private Works**

As factor, the Association can provide information to proprietors on request for private works, e.g. repairs within their home.

The Association will have no further involvement in the event of a dispute.

## **4.0 MANAGEMENT DUTIES**

### **4.1 Enforcement of Deeds**

The Association shall publish and revise as appropriate, information in relation to their developments. This may include general information on the Association and its activities and more specific information relating to the proprietor's property.

The proprietor shall have a right of complaint and appeal as are afforded to the Association's tenants through the Association's Complaints Procedure including the right to appeal to the Housing Association Ombudsman. This will be in addition to their right to seek arbitration as provided for within the Deed of Conditions.

Proprietors shall be informed of their rights of appeal in an appropriate and relevant manner.

The Association shall, failing resolution of a dispute within the procedures described above, reserve the right to take such legal action as may be necessary to enforce the terms of the Deed.

The Association's debt recovery procedure will be followed in such instances.

### **4.2 Nuisance**

The deed of conditions shall inform proprietors of their responsibilities and prohibitions on their behaviour which are likely to give annoyance to their neighbours. The Association will

implement this when appropriate under their obligations as factor.

Where proprietors undertake prohibited activities (listed in the deeds), the Association shall take such steps as it is empowered to do within the Deed of Conditions to avoid and remove or resolve the case of the dispute (whether between tenant and sharing owner/owner or two sharing owners or any other combination).

The Association shall take action so far as the Deed of Conditions shall permit, against proprietors who are responsible for nuisance or annoyance or damage to the property. Such action shall be of a similar nature to that taken against tenants for similar nuisance, annoyance or damage, in so far as the Deed of Conditions shall permit and the Association's Solicitors advise.

## **5.0 Service Charges**

The charges will be reviewed annually and approved by the Association's Committee of Management. At least 28 days before any changes in these charges each proprietor will be sent a letter detailing all the charges that are relevant to the development. This should included the following:-

- 1)** The address of the property
- 2)** Insurance premium
- 3)** Service Information – fuel, repairs and replacement to;
  - i) Stair Lighting
  - ii) Stair Cleaning
  - iii) Roads and footpaths
  - iv) Entry phone
- 4)** Factor's Administration and Management Charge

This is purely to cover the cost per annum of management including administration, inspection and advice.

The charge is equivalent to approximately 1½ hours of staff time. The staff time may include the following:

- An annual inspection of the Common Parts, i.e. roof, common stair finish, external brickwork & external joinery. If the property has no common parts, the inspection will include roof and external joinery.
- The collection of all relevant information in order to organise the current and future maintenance requirements of the common areas.
- The update of property records.
- Financial projections to ensure that future maintenance contributions remain as consistent as practically possible.
- Responses to enquiries by owners/ sharing owners.

- 5)** Cyclical Maintenance Fund  
Cyclical Maintenance Charge or Sinking Fund (where applicable, if

- pre-2001)
- The purpose of the sinking fund is to ensure that the long-term maintenance of the property is considered. This may include common stair painting, external window and door painting.
  - Only common parts are included but depending on the Title Deeds we occasionally carry out external painting.
  - The value of the sinking fund allows maintenance to take place when required.
  - Each owner contributes to the fund.
  - Refunds are not made as the sinking funds belong to the property and not the owner/ proprietor.
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  - Variations in the amount paid into the fund will be minimised and will reflect the properties' requirements.
  - The sinking fund should provide comfort to prospective purchasers as the fund is unaffected by change of ownership.

## **7.0 CONFIDENTIALITY**

Under the Data Protection Act the Association shall protect the confidentiality of proprietors in accordance with the Data Protection Policy.

## **8.0 INSURANCE**

The Association shall maintain sufficient Buildings Insurance, on the same basis and Policy as our rented stock to rebuild or repair property which may be damaged by insured perils.

Proprietors shall be obliged to reimburse the Association in respect of the Premiums incurred in respect of their property and excess levied under the policy.

The Association shall exhibit a copy of the Policy and premium receipt on request by a proprietor..

The Association shall offer, without obligation, the SFHA scheme of Contents Insurance to proprietors.

## **9.0 ACCOUNTING AND COMMON CHARGES PAYMENTS**

The Association will hold records as required to identify all sums due from proprietors under each heading that they are liable to pay the Association.

The Association shall not invoice sums of rental due from Sharing Owners but shall require such sums to be paid monthly by Standing Order.

## **10.0 Review of Policy**

This policy will be reviewed in 3 years.

**Horizon Housing Association Ltd are a Registered Scottish Charity**

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