

Shared Ownership Policy

Customer
Focus

Respect

Communication

Integrity



www.clochhousing.org.uk



1 INTRODUCTION

- 1.1 Shared Ownership is a form of tenure that is intended to help people who wish to buy their home but do not have the means to buy a suitable property outright. Sharing Owners purchase a share in the property whilst paying a rent to the Association for the remaining portion until they can afford to purchase the whole property. They have exclusive occupancy of the property.
- 1.2 This Policy and associated procedures will take into account relevant legislation and follows best practice including Scottish Federation of Housing Association guidance and Scottish Social Housing Charter Outcomes 7,8 and 9 related to access to housing.
- 1.3 Individuals buy a share (or tranche) of the property, usually raising a mortgage to pay for it. They pay a reduced rent, called an occupancy charge, for the share they do not own. Shares can be bought at 25%, 50% or 75% of the current market value of the property. The Sharing Owner can increase their share by “staircasing” up to 100% (in multiples of 25%) at any time after the first anniversary of the purchase of the initial share. Only one staircasing transaction is allowed each year.

2 OUR PRINCIPLES

- 2.1 We will ensure that:
- When we allocate Shared Ownership properties, it will be to those who fall into the target groups set out above, who are in housing need and who can afford to meet the costs
 - Those being considered for Shared Ownership fully understand the costs involved in purchasing a property.
 - Individuals fully understand their rights and responsibilities and those of the Association.
 - We take the appropriate action against Sharing Owners in breach of their occupancy agreement. Eviction will always be used as a last resort.
- 2.2 For the avoidance of doubt, the Assessment and Allocation criteria outlined at 8, 9 and 10 below, apply to **all** sales, first time, onward and resale.

3 AIMS AND OBJECTIVES

- 3.1 The principal objectives of this Policy are to:
- establish a consistent framework for the management of Shared Ownership properties

- ensure that the management of Shared Ownership properties adheres to conditions contained within the Occupancy Agreement and relevant Co-operation Agreement
 - ensure that the Management of Shared Ownership properties is consistent with other relevant Policies and Procedures already agreed
 - to provide a high quality, responsive management service to Shared Owners.
- 3.2 The Association's key objectives in undertaking the sale and marketing of existing shared ownership properties are:
- To sell the property to a specific target groups of buyers
 - To sell the property
 - To ensure that the buyers are satisfied with their home and are likely to remain satisfied with the Association as factoring agent
 - To enhance the reputation of the Association as a provider of quality homes for sale.

4 LEGAL FRAMEWORK

- 4.1 It is important to have a clear understanding of the legal background to Shared Ownership as there are fairly rigid obligations and responsibilities imposed on both the Association and the individual Shared Owner. The essence of this arrangement is that there is no landlord/tenant relationship between the Housing Association and a Shared Owner. The relationship is essentially based on the two parties being joint owners of the property.
- 4.2 The formal legal framework within which the Association operates Shared Ownership is governed by the Scottish Government. The Occupancy Agreement and Co-operation Agreement are based on models approved by both the Scottish Government and the Scottish Federation of Housing Associations. The Scottish Government in conjunction with SFHA have produced a Shared Ownership Procedural Guide which was reviewed within SHGN 2000/15. The actual sale of the share, or tranche, of a property to a Sharing Owner is by the standard practice of disposition through missives.
- 4.3 When purchasing a Shared Ownership property the individual Sharing Owner is required to enter into an Occupancy Agreement as a condition of the sale of the share. The Occupancy Agreement sets out the rights and responsibilities for both the Sharing Owner and the Association during the period that the property remains in Shared Ownership. This Agreement details obligations including payment of rent and using or occupying the property as the main dwelling house. Significantly it does not detail duties and responsibilities with regard to the use of the house contained within normal tenancy agreements, thus making the management of Shared Ownership properties difficult.
- 4.4 Where the Sharing Owner is using a mortgage to finance the purchase of their share, the Association will enter into a Co-operation Agreement with the particular bank or building society involved. This Co-operation Agreement between the Association and the lender binds both parties to act together where a Sharing Owner is in default on mortgage payments, rent payments or both.

- 4.5 A copy of the Occupancy Agreement, Co-operation Agreement and list of current shared ownership properties is attached ([appendix 1](#), [2](#) & [3](#) respectively).

5 NEW-BUILD DEVELOPMENTS

- 5.1 Reference should be made to this Policy in the event that further shared ownership new-build is undertaken as part of the Development Programme.

6 RESALES

- 6.1 Scottish Government Procedures allow for three alternative routes should a sharing owner wish to remove from the property in which he/she has purchased a share:

- The Association buys back the sharing owner's share in order to resell to a sharing owner identified through the Housing List or advertising;
- The Association identifies a potential sharing owner from its Housing List, or the sharing owner identifies a suitable prospective sharing owner, and the sharing owner makes a direct sale of the shared ownership tranche with the Association's agreement.
- The Association decides not to take up the option to buy back and agrees to join with the sharing owner in the open market sale of the property.

- 6.2 It is the Association's Policy not to buy back sharing owners' shares. In exceptional circumstances however, the Association may consider buying back the shared ownership property if it is believed to be the only way to retain the property within the low cost home ownership sector. Approval of the Board will be sought in all such cases.

- 6.3 As an alternative to the Association joining with the sharing owner in an open market sale, and if there is demand for shared ownership in the area, the Association will agree to the sharing owner selling their share to a purchaser nominated from the Association's Housing List.

- 6.4 We will advertise the Sharing Owners property through ICHR. If the Sharing Owner decides to withdraw from selling their property after it has been advertised, we will seek to recover the costs of the advert and may charge an administrative fee.

- 6.5 If there are no suitable applicants on the Housing List, the Association will assist the sharing owner in identifying a prospective sharing owner for the property.

- 6.6 If the sharing owner wishes their share in the property to be advertised for sale, they will be responsible for paying these costs.

- 6.7 If a suitable new sharing owner is identified, the allocation will be made in accordance with this Policy.
- 6.8 The sale price will be determined by a valuation undertaken on behalf of the sharing owner and the Association will confirm this figure along with occupancy payment details to the prospective sharing owner. The cost will be met by the sharing owner and the valuation will remain valid for 3 months.
- 6.9 The prospective sharing owner will also be provided with details regarding their obligations in terms of the Occupancy Agreement including repairs and maintenance responsibilities and occupancy payments. A copy of the model Occupancy Agreement can be issued if required so that the prospective sharing owner can discuss the contents with their Solicitor.
- 6.10 The Association will liaise with both the outgoing sharing owners' Solicitor and the prospective sharing owners' Solicitor to ensure all parties are aware of the procedures involved.
- 6.11 Prior to the sale settling, the Association's Solicitor will draw up an Occupancy Agreement for the new sharing owner and forward this to their Solicitor for signing.
- 6.12 Either the whole property or the share that you currently own can be offered for sale on the open market, in which case both parties have to approve any offer received. In the event of the property being sold on the open market, the proceeds of the sale will be divided according to each party's share, and will allow for any improvements the sharing owner may have made to the property. The proceeds from the sale will also take into consideration any monies owed to the Association by the sharing owner.
- 6.13 All disposals such as sales and shared ownership tranche increases require General Consent from The Scottish Government in accordance Section 107 of the Housing (Scotland) Act 2010 (formerly Section 66 of the Housing (Scotland) Act 2001).

7 VACANT POSSESSION SALES

- 7.1 Vacant possession sales will occur when the Association and the mortgage lender have taken action to repossess a shared ownership property.
- 7.2 An initial meeting will be arranged between the Association and the lender in order to agree the Marketing Strategy. The division of responsibilities regarding the ongoing maintenance of the vacant property will also be agreed at this stage.
- 7.3 The costs of this marketing will be divided pro-rata between both parties depending on the share owned.
- 7.4 Monthly progress reports will be exchanged between the Association and the lender regarding the success of the marketing along with any recommendations to review the Strategy.

- 7.5 Following a 6 month period of marketing, if no interest has been shown, the Association may approach the Scottish Government regarding the possibility of additional funding to revert the unit to rent.
- 7.6 All such properties will comply with the Association's insurance requirements for empty properties.
- 7.7 If the Sharing Owner wishes to sell their existing share they are obliged as part of the Occupancy Agreement to offer the Association the option to purchase the share. The Association has 28 days to either buy-back the share or find a prospective purchaser for the share.
- 7.8 Instead of buying back shares, the Association will attempt to find a suitable prospective purchaser for the share. It should be noted that before the Association can advertise the property the existing Sharing Owner must supply the Association with up to date property information and allow access for pictures to be taken for the advert. The Sharing Owner should also ensure that the property has been valued so that an accurate market value can be obtained for the share. Both the Sharing Owner and the Association will meet their own legal costs with regard to the sale. If the Association identifies a prospective Sharing Owner and missives are concluded, then the Association will charge the existing Sharing Owner an administration charge of 2.5% of the re-sale value of the share, which has been sold.

8 TARGETING

- 8.1 The Association will prioritise and target for Shared Ownership the following in the order set out below:
- 1) Tenants of the Association
 - 2) Applicants on the Association's Housing List
 - 3) Other public sector tenants including Housing Association tenants
 - 4) Applicants with special needs
 - 5) First time buyers
 - 6) Those on low incomes
- 8.2 Anyone over the age of 16 years will be eligible to apply but Shared Ownership will be targeted to those people who do not have the financial means to purchase outright a house suitable for their needs within Inverclyde.
- 8.3 Applicants are eligible for shared ownership if they meet three tests of suitability. These are :
- unable to afford satisfactory housing at current market prices
 - able to afford a shared ownership property without hardship
 - able to afford a suitable occupancy level.
- 8.4 If an applicant does not meet all three requirements, they should not be considered as suitable for shared ownership.

- 8.5 Housing need will be assessed and priority determined using the criteria detailed in the Association's current Allocations Policy.

9 FINANCIAL ELIGIBILITY

- 9.1 The monthly housing costs for Shared Ownership are likely to be greater than those involved in renting a house from the Association. Unfortunately not everyone who is interested in Shared Ownership will be able to afford it. The Association believes that it has a role in determining financial eligibility of applicants, therefore those who cannot afford to participate will not be considered. The Association recognises that the lending institutions apply strict criteria to mortgage lending availability ([Appendix 4](#)).
- 9.2 Within the above categories, the Association will also apply the assessment of housing need to applicants, in accordance with the Association's Allocations Policy, to determine priority where demand for the properties exceeds supply.
- 9.3 The Association considers that sharing owners cannot support occupancy payment and mortgage outgoings, which exceed 30% of net household income. Offers to sell will not be made where this would be the case.
- 9.4 The Association will ensure that applicants are made aware of the costs and security of home ownership implications arising out of becoming a Shared Owner.

10 OCCUPANCY LEVELS

- 10.1 The Association will determine the housing needs of each applicant in terms of the property size and type, taking into account the number of people in the household, their age and gender, and other family circumstances, e.g. where the applicant has divorced or separated and children visit on a regular basis.
- 10.2 We will ensure that properties are not overcrowded or under-occupied.
- 10.3 The property must be used as the shared owner's only or principle home in accordance with the terms of the Occupancy Agreement.

11 STAIRCASING

- 11.1 After being in Occupancy for one year, the Sharing Owner can exercise their right to buy further shares, always in multiples of 25%. This involves a revaluation of the property, paid for by the Sharing Owner, with each party being responsible for its own legal costs. The Association receives an allowance to cover its costs including legal fees. Once a Sharing Owner has staircased up to outright ownership then she/he is free to dispose of the property without any further recourse to the Association.
- 11.2 The Sharing owner will be required to meet the costs of valuing the property.

- 11.3 We will amend the occupancy payments according to the new percentage owned.
- 11.4 Sharing Owners will be encouraged to staircase towards 100% home ownership in accordance with the wider objectives of Shared Ownership. The Association will write to sharing owners on an annual basis to promote staircasing.
- 11.5 It will not be the Policy of the Association to buy-back shares from Sharing Owners thus allowing staircasing downwards, even if such a request is made by the Sharing Owner due to loss of employment or other financial difficulties

12 20 YEAR EXPIRY RULE

- 12.1 The sharing owner has the right to purchase the Association's share in the property when they have reached 20 years occupancy within their home. In order to purchase the remaining share the sharing owner must write to the Association at least 3 months prior to the 20 year anniversary.
- 12.2 On receipt of the notification the Association shall instruct a valuation which must be paid for by the purchaser. The sharing owner must settle the purchase of the Association' share within 8 weeks of receiving the market valuation.
- 12.3 If the Sharing Owner does not exercise his right to purchase the Association's Share in accordance with the provisions of the occupancy agreement, the Association will have the right to purchase the Sharing Owner's share provided that notice is served by the Association on the Sharing Owner within two months prior to the date of expiry.
- 12.4 If neither the Sharing Owner nor the Association exercises its right to purchase the others share the parties shall jointly sell the Property on the open market.
- 12.5 Where the Sharing Owner is still resident within the property at the time of the sale the Association will not offer alternative re-housing to the Shared Owner. The Sharing Owner will have to find alternative accommodation themselves.
- 12.6 In exceptional circumstances the Association may consider extending the exclusive occupancy period. If a Sharing Owner would like to extend the occupancy period they must write to the Association no later than 3 months prior to the end of the period initially agreed setting out why the sharing owner would like us to extend the terms of the existing Agreement. The Association will consider the request and will respond to the request as soon as possible, in most cases within 28 days. If we do agree to the request, the sharing owner will be required to enter into a new Exclusive Occupancy Agreement and be liable for any associated legal costs.

13 ARREARS POLICY

- 13.1 The Association recognises the importance of good arrears management of mortgage and rent payment when dealing with Shared Ownership. The importance of early detection and prevention of arrears is detailed within this

policy document along with setting out joint good practice initiatives with the mortgage lenders.

13.2 Method of Payment and Mortgage Protection Scheme

13.2.1 Sharing owners will be encouraged to make payment by Direct Debit.

13.2.2 Sharing owners will be encouraged to take out mortgage protection insurance.

13.2.3 Payments will include the specified rent along with Building Insurance, and management fee. Factoring charges will be invoiced separately.

13.3 Exchange of Arrears Information and Mortgage Lender

13.3.1 Details of mortgage and rent payments will be known by both the Association and the lenders.

13.3.2 Details of the individual's accounts will be retained. These will include mortgage roll number and branch contact person.

13.3.3 Where a sharing owner fails to make payment of rent for 2 or more months then the Association will advise the lender likewise the lender will notify the Association if mortgage payments are 2 months in arrears

13.4 Advice and Assistance

13.4.1 The Association recognises that sharing owners may require financial advice and counselling therefore advice in relation to money matters will be arranged in conjunction with locally based welfare benefits agencies as appropriate.

13.4.2 Repayment of arrears will be arranged at levels affordable to the individual circumstances of sharing owners.

13.5 Default/Repossession

13.5.1 The action for repossession will be raised in the name of both the Association and the mortgage lender.

13.5.2 Where the sharing owner is still in occupancy at the time of repossession the Association will inform Inverclyde Council's Homelessness Services Department in advance of the re-possession. Where possible/practicable the Association will assist the sharing owner to find alternative housing.

13.6 Occupancy Charge Arrears:

- 13.6.1 The Association has a separate Rent Arrears Policy for its tenants (HMP-01), although the principles of prevention can be applied to Sharing Owners. The key to the Association's Rent Arrears Policy is to take preventative and early action based on personal contact and knowledge of the individual circumstances. The principles and processes of the Arrears Policy will be applied to Occupancy Charge arrears cases. However, the procedure involved in pursuing Shared Ownership arrears cases, especially once court action is required is very complex.
- 13.6.2 In pursuing Shared Ownership arrears the Association will maintain a flexible approach in which individual cases are considered on their merits. The option of encouraging a Sharing Owner to sell their share will also be encouraged.
- 13.6.3 Early discussions, which take place with Sharing Owners regarding rent arrears, need to:
- Ensure the Housing Officer has contacted the Sharing Owner once one month rent arrears is outstanding. Detailed file notes should be kept of all action taken. Emphasis to be on visits and personal contact.
 - Ascertain whether the Sharing Owner wishes to continue to live in their home and assess their ability to pay ongoing rent, mortgage, and factoring charges with a view to making a realistic repayment arrangement to clear arrears.
 - Identify and liaise with the mortgage lender over outstanding monies, repayment arrangements and potential action to recover the property
 - Highlight the importance for Sharing Owners to meet mortgage repayments to their individual lenders given the nature of the Co-operation Agreement between the Association and the individual mortgage lender.
 - Once rent arrears reach 3 months outstanding contact the Association's solicitor with a view to serving a Notice of Default. A Notice cannot be requested unless authorised by the Housing Manager
 - Liaise closely with the Solicitor and lender once a Notice has been issued.
- 13.6.4 Under the terms of the Co-operation Agreement between the Association and the Sharing Owner's lender, each party is obliged to inform the other of problems with the payment of rent or mortgage. If the Sharing Owner does not respond to advice or negotiation and does not keep to any agreed arrangements for paying rent arrears, then repossession action may be required to be instigated jointly by the Association and the lender. The Association can confirm that the sharing of such information is in accordance with the principles of the Data Protection Act 1998.
- 13.6.5 Repossession action is initiated by the serving of a Notice of Default on the Sharing Owner by the Association and the mortgage lender. The Association's Solicitor issues the Notice on behalf of the Association. The Housing Manager must authorise the issuing of the Notice. In normal circumstance the Association will seek to initiate such legal proceedings once three months rent arrears have arisen.

- 13.6.6 Where the service of a Notice of Default has not resulted in an adequate improvement in payments and the Sharing Owner is not co-operating regarding other potential options such as resale, then the Association will seek to remove the Sharing Owner by seeking to repossess the property. Such action would involve the case being entered in to the Sheriff Court on the basis that the Association would be acting with the mortgage lender (as prescribed by the Co-operation Agreement) to repossess the property under the terms of the lenders heritable security.
- 13.6.7 In cases where repossession action is being sought, it will be the Policy of the Association to expect each side to pay their own legal expenses up to the date of repossession.
- 13.6.8 Approval of the Housing Management Sub-Committee will be sought prior to the Association implementing repossession action and recovering the property.
- 13.6.9 Where the Sharing Owner is still resident within the property at the time of repossession the Association will not offer alternative re-housing to the Shared Owner. The Sharing Owner will have to find alternative accommodation themselves.
- 13.6.10 Where the property has been repossessed and is therefore jointly owned by the Building Society or Bank and the Association, then the Association shall seek the agreement of the lender to facilitate the direct re-sale of the share involved on a shared ownership basis rather than a joint open market sale which would involve additional marketing costs for the Association and the outright sale of an Association property.
- 13.6.11 Alternatives to repossession are considered where possible such as the Mortgage to Rent Scheme as contained in the Arrears Management Policy.

14 MANAGEMENT OF SHARED OWNERSHIP PROPERTIES

14.1 The Occupancy Agreement and Deed of Conditions set out the rights and responsibilities of the sharing owner and the Association. The following policy statements do not in any way alter the information contained within the Occupancy Agreement or Deed of Conditions and are for guidance only:

14.2 Occupancy Charges & Service Charges

14.2.1 We charge the occupancy & service charges on the first day of the month. These charges are subject to an annual review and we will give sharing

owners four weeks' notice in advance of any changes to the charges.

14.2.2 We will encourage sharing owners to pay their charges by direct debit and will insist that this is paid monthly in advance, in line with the Occupancy Agreement.

14.3 Anti Social Behaviour

14.3.1 Our ability to manage issues which affect more than one household such as neighbour disputes and anti social behaviour is very limited. There is nothing in the Occupancy Agreement to allow us to consider court action or repossession action.

14.3.2 We will assist in trying to resolve issues that may arise in accordance with our Anti-Social Behaviour Policy, such as referrals to mediation, liaison with the police or joint working with Inverclyde Council.

14.4 Subletting

14.4.1 In terms of the Occupancy Agreement, the Sharing Owner agrees to use the property as their only or principle home. If a Sharing Owner wishes to sublet they should put their request in writing to us. We may agree to this for a period of up to 12 months, provided the Sharing Owner:

- has written agreement from their lender
- has registered as a Private landlord

14.4.2 If it is clear that the Sharing Owner is unlikely to return to the property we will encourage them to sell their share.

14.4.3 During the sublet period, the Sharing Owner remains responsible for ensuring that the occupancy charges are paid and that the sub tenant keeps to the conditions of the occupancy agreement.

14.5 Lodgers

14.5.1 The Sharing Owner requires our permission to take in a lodger. Our main aim will be to ensure that overcrowding does not occur.

14.5.2 All requests must be made in writing and the Sharing Owner will have to provide written confirmation that their lender agrees.

14.5.3 If the request is approved and Housing Benefit is in payment, then the Sharing Owner must inform Inverclyde Council of their change in circumstances.

14.6 Transfer of Title

14.6.1 A Transfer of Title is a legal way of signing over all the interests in the Sharing Owners property, i.e. their ownership, rights and responsibilities,

to someone else. A Sharing Owner cannot legally do this without our permission and that of their lender.

14.6.2 The most common reason for a Transfer of Title is relationship breakdown and in these circumstances, we will normally consent on condition that the new or remaining Sharing Owner enters into an Occupancy Agreement.

14.6.3 If we receive a request to Transfer Title in other circumstances and there are people in that area who wish to become Sharing Owners, we will encourage the Sharing Owner to sell their share rather than consent to the Transfer of Title.

14.6.4 If the Association agrees to the transfer of title the sharing owner will be responsible for all legal costs associated with the transfer.

14.7 Running a Business from Home

14.7.1 Requests to run a business from home should be made in writing. We will normally grant permission provided that:

- The running of the business will not cause nuisance, annoyance or danger to neighbours or damage to property
- There will be no breach of the Occupancy Agreement or Deed of Conditions
- The business does not require a change of use in respect of the building or lead to objections from statutory authorities

14.7.2 It is the Sharing Owner's responsibility to ensure that any necessary statutory consents, e.g. Planning Permission, are granted and that any conditions applying to such consents are fulfilled.

15 FACTORING

15.1 The Association where possible will factor all Shared Ownership properties or developments, the management fee will be included within the Occupancy Charge for this purpose. Reference should be made to the Association's Factoring Policy.

16 REPAIRS AND MAINTENANCE

16.1 Sharing Owners will be responsible for all repairs including major works. Reference should be made to the Association's Maintenance Policy and Factoring Policy.

17 POLICY REPORTING

17.1 Shared ownership statistics detailing the number of ownership changes and number of properties repossessed will be reported as required but at least annually to the Board.

17.2 A register will be retained of all tranche increases, resales and outright sales and will be reported on an annual basis as part of the Scottish Social Housing Charter Return (ARC) to The Scottish Government (The Scottish Housing Regulator).

18 COMPLAINTS PROCEDURE AND APPEALS

18.1 Any tenant/customer of the Association who feels aggrieved by their treatment under this policy can ask for a copy of the Association's Complaints Handling Procedure, which is available at the Association's Office. Appeals or complaints against our operation of this policy will be processed in line with the Complaints Handling Procedure.

19 CONFIDENTIALITY

19.1 All personal information provided to the Association during the course of processing a succession application will be treated with the strictest of confidence. Any applications referred to, or reported to, the *Board/Housing and Property Services Sub Committee* will be made anonymously.

19.2 Cloch Housing Association has a Fair Processing Notice, this will be issued to each Shared Owner at the commencement of their occupancy. The Fair Processing Notice states how Cloch treat your personal data, in line with the General Data Protection Regulations 2015.

20 EQUALITIES COMMITMENT

20.1 Cloch Housing Association Limited is committed to tackling discrimination on the grounds of sex or marital status, racial grounds or grounds of disability, age, sexual orientation, language, social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.

20.2 Cloch Housing Association seeks to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.

21 POLICY REVIEW AND MONITORING

- 21.1 This Policy and associated procedures will be reviewed every 3 years or more frequently if required. This will ensure that the experience gained from allocating and selling shared ownership properties can be properly analysed and used to improve the Policy and associated procedures. In addition, this policy will be monitored and its impact reviewed at regular intervals within the formal review period.

22 POLICY AVAILABILITY

- 22.1 This policy can also be provided in large print, braille, audio or other non-written format and in a variety of languages on request.

APPENDIX 4

ASSESSING AFFORDABILITY

1. Priority will be given to applicants whose total household income is such that they are not able to buy on the open market. Household income should be assessed for mortgage purposes, i.e. 3 X income of single applicant and 2.5 X income of a couple's income.
2. In an attempt to prevent applicants over committing and running into financial difficulties, allocation will not normally be made to applicants for whom the estimated cost of shared ownership exceeds 30% of net income. However, in view of the need to sell properties quickly, this figure will be regarded as a target which it must be recognised will not always be met.
3. To work out the percentage of net household costs, calculate the monthly-shared ownership housing costs then divide with the monthly net income and multiply by 100 to get the percentage.

Examples

Example 1

Monthly housing costs, based on a 25% share of a property valued at £44,000 =

Occupancy Charge	£230 (approx)
Mortgage	£ 70 (approx. subject to mortgage rates etc.)
Council Tax	£ 140
Total monthly housing cost =	£440

Monthly income = £1400

Percentage of net household cost = $\frac{£440}{£1400} \times 100 = 31\%$

Outcome: May Not Qualify

Example 2

Monthly housing costs, based on a 25% share of a property valued at £44,000 =

Occupancy Charge	£230 (approx)
Mortgage	£ 70 (approx. subject to mortgage rates etc.)
Council Tax	£ 140
Total monthly housing cost =	£440

Monthly income = £1800

Percentage of net household cost = $\frac{£440}{£1800} \times 100 = 24\%$

Outcome: Would Qualify

SHARED OWNERSHIP
EXCLUSIVE OCCUPANCY
AGREEMENT

between

CLOCH HOUSING ASSOCIATION
LIMITED having its Registered Office at
41 High Street, Greenock, PA15 1NR
(hereinafter referred to as "the
Association")

And

(hereinafter referred to as "the Sharing
Owner")

WHEREAS

- (I) The Association is a Registered Society incorporated under the Co-operative and Community Benefit Societies Act 2014 ("the 2014 Act") (Registered Number 2232(S)) and registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2001.
- (II) The Association has consented to the purchase by the sharing owner of a pro indiviso share in and to the subjects known as _____ all as more particularly described in clause 1 hereof;
- (III) The Association and the Sharing Owner require in implementation of the missives to enter into a formal agreement regarding their joint ownership of the said subjects;

NOW THEREFORE THE PARTIES HERETO HAVE AGREED AND DO HEREBY AGREE AS FOLLOWS:-

1. INTERPRETATION

- 1.1 In this Agreement where the context so admits the following expressions shall have the following meanings:-
 - "Agreement" means these presents and the Schedule;
 - "Association's Share" means the pro indiviso share in the Property from time to time within the ownership of the Association;
 - "Date of Entry" means _____ ;
 - "Occupancy" means the exclusive occupancy rights created by clause 2 hereof;
 - "Occupancy Payment" means the payment made by the Sharing Owner to the Association in compensation for the loss of occupancy rights by the Association and is calculated as specified in Part 2 of the Schedule;
 - "Prescribed Rate" means the rate of four per centum per annum above the base lending rate from time to time of the Bank of Scotland;

“Property” means the subjects known as _____ registered under Title Number REN;
; hereto;
“Schedule” means the Schedule annexed and executed as relative

“Factoring Costs” means the amount payable by the Sharing Owner to the Association to meet the costs incurred by the Association in terms of clause 5.2 hereof and the Association's reasonable administrative expenses in connection therewith;

“Services” are defined in Part 3 of the Schedule;

“Sharing Owner's Share” means the pro indiviso share in the Property from time to time within the ownership of the Sharing Owner;

1.2 words importing the singular number include the plural number and vice versa and words importing gender include any other gender;

1.3 obligations made or assumed by any individual shall be binding and enforceable against his executors and personal representatives;

1.4 where the expression "Sharing Owner" shall include more than one person all obligations on the part of the Sharing Owner herein contained shall be binding jointly and severally on them and the survivor or survivors of them.

2. OCCUPANCY

2.1 Duration and Conditions

The Association and the Sharing Owner agree that this Agreement shall subsist for a period of 20 years from the Date of Entry unless terminated earlier or the period is extended by either mutual agreement of the Association and the Sharing Owner or where the Sharing Owner exercises his rights to purchase the Association's share as detailed in clause 10.2 hereof. The Sharing Owner shall have exclusive right to occupy the Property and the Association shall refrain from exercising any occupancy rights over the Property until the occurrence of any of the events detailed in clause 9 hereof.

2.2 Occupancy Payment

The Sharing Owner hereby binds and obliges himself to pay the Occupancy Payment to the Association monthly in advance by equal instalments on the first day of each calendar month in each year ("payment dates") without any deduction whatsoever with the first payment of Occupancy Payment on the Date of Entry being a proportionate payment for the period from the Date of Entry until the next payment date and the next payment on the first payment date occurring after the Date of Entry and so forth monthly, termly and continuously thereafter throughout the period of the Occupancy with interest on each instalment of Occupancy Payment or on any sums of money payable by the Sharing Owner pursuant to any of the obligations of the Sharing

Owner in terms of this Agreement at the Prescribed Rate calculated from the date when the same shall have become due until payment.

2.3 Occupancy Payment Review

The Occupancy Payment payable in terms of clause 2.2 hereof will be subject to annual review in accordance with the provisions of Part 2 of the Schedule.

3. **STAIRCASING**

At any time after the first anniversary of the Date of Entry during the duration of the Occupancy the Sharing Owner will (subject as aftermentioned) be entitled to purchase further shares of the Association's Share from the Association provided always that:-

- 3.1 each such further share shall represent either a one quarter/one half/three quarters pro indiviso share in the Property;
- 3.2 the provisions of Part 1 of the Schedule shall apply to the purchase by the Sharing Owner of each such further share;
- 3.3 the Sharing Owner shall only be entitled to exercise his right to purchase further shares in terms of this clause if he shall have paid all Occupancy Payments and other sums due hereunder and otherwise complied with, performed and discharged all the obligations incumbent upon him in terms of this Agreement; and
- 3.4 the Sharing Owner shall not be entitled to exercise his right to purchase further shares in terms of this clause more than once in each period of twelve months.

4. ***SHARING OWNER'S OBLIGATIONS***

4.1 Use

The Sharing Owner will use the Property as his sole or main dwellinghouse only and for no other purpose and will not:-

- 4.1.1 without the consent in writing of the Association (which consent shall not unreasonably be withheld or delayed) assign his interest under this Agreement and/or grant conveyances of or securities over his interest in the Property, and
- 4.1.2 without the consent in writing of the Association let the Property in whole or in part or otherwise grant any rights of occupancy in it.

4.2 Maintenance

The Sharing Owner accepts the Property as being in good and habitable condition and repair and will be solely liable for the cost of keeping it in

good habitable condition and repair. The Sharing Owner also undertakes to comply with the provisions specified in the title deeds to the Property and agrees that the Association may assume those regarding insurance and those undertaken by the Association in terms of clause 5.2 hereof. The Sharing Owner also undertakes to pay the Service Charge at such times and in such manner as the Association may at its sole discretion determine from time to time.

4.3 Insurance

The Association will at all times during the duration of the Occupancy insure and keep insured the Property for the full reinstatement value thereof under a comprehensive policy and will if reasonably required produce to the Sharing Owner a certificate from the insurers stating for what sum the Property is insured. The Sharing Owner will pay and so free and relieve the Association of all premiums necessary for keeping in force the insurance specified in this clause and will not do or cause, permit or suffer to be done on or bring or cause, permit or suffer to be brought on to the Property any act, matter or thing which may cause the insurance of the Property or any part thereof to become void or voidable.

4.4 Obligations

The Sharing Owner will, subject as aforesaid, observe any condition and perform any obligation in respect of the Property lawfully binding on the owner or occupier of the Property whether imposed by virtue of any enactment or otherwise.

4.5 Ground Burdens, etc.

The Sharing Owner will make due and punctual payment of all ground burdens, all Council Tax and other public burdens and all other payments due in respect of the Property;

4.6 Planning

The Sharing Owner will in connection with any matter arising under the Town and Country Planning (Scotland) legislation (hereinafter referred to as the "Planning Acts"):-

- 4.6.1 notify the Association of any notice or order issued under the Planning Acts which affects or is likely to affect the Property within fourteen days of receipt of such notice by sending a copy of the notice or the order to the Association;
- 4.6.2 take, as soon as practicable, all reasonable or necessary steps to comply with such a notice or order or, as the case may be, timeously object thereto; and
- 4.6.3 if so directed by the Association object, or join with the Association in objecting to any such notice or order or in making

representations against any proposal therefor.

5. THE ASSOCIATION'S OBLIGATIONS

The Association undertakes

- 5.1 that in consideration of the Sharing Owner complying with his obligations hereunder he may peaceably and quietly hold and enjoy the Property during the duration of the Occupancy without any interruption by the Association so far as this is reasonably possible and
- 5.2 to carry out the Services more particularly described in Part 3 of the Schedule including without prejudice to the foregoing generality maintaining in good and substantial condition and repair the exterior of the Property including the structure and fabric thereof, the internal structure and fabric of the Property, the boundary walls, hedges or fences and paths, and the internal and external structure and fabric of all common parts.

6. MAINTENANCE

- 6.1 In the event of the Sharing Owner failing to maintain or repair the Property in accordance with the provisions of clause 4 hereof the Association may carry out such repairs or maintenance and recover from the Sharing Owner the costs incurred by it in so doing including administrative costs.
- 6.2 The Association will be entitled to enter the Property during reasonable hours on giving not less than three days notice to the Sharing Owner (except in cases of emergency) for the purpose of inspecting its condition and, if necessary, carrying out repairs or maintenance work.
- 6.3 The Association may serve a notice on the Sharing Owner requiring him to carry out the required repair and/or maintenance work within thirty days thereafter, failing compliance with which the Association may carry out such work and recover the cost as provided for in clause 6.1 hereof. In cases of emergency the Association may carry out the work immediately or as soon as practicable and recover the cost as provided for in clause 6.1 hereof.

7. ALTERATIONS

The Sharing Owner will not make any alteration or improvement to the Property without first obtaining approval in writing from the Association (which approval will not be unreasonably withheld or delayed). Failure to comply with this clause will entitle the Association at its discretion to require the Sharing Owner to effect reinstatement of the Property to its original condition at the sole expense of the Sharing Owner, failing which the Association will be entitled to effect such reinstatement and to hold the Sharing Owner liable for the costs thereof including administrative costs.

8. DEFAULT

In the event of the occurrence of any of the following events, namely if: -

- 8.1 the Occupancy Payment or any part thereof shall at any time be in arrears and unpaid for a period of twenty one days after the same shall have become due (whether any formal or legal demand therefor shall have been made or not); or
- 8.2 the Sharing Owner shall at any time fail or neglect to perform or observe any of the terms, conditions or provisions contained in this Agreement on the part of the Sharing Owner to be performed or observed; or
- 8.3 the Sharing Owner shall at any time fail or neglect to perform or observe any of the terms, conditions or provisions to be performed or observed by the Sharing Owner in terms of any standard security that may be granted over the Property or the Sharing Owner's Share; or
- 8.4 the Sharing Owner shall become apparently insolvent or enter into any arrangement or composition for the benefit of his creditors or permit any diligence to be executed on his goods

then the Association will be entitled at any time thereafter but on not less than 28 days prior written notice to terminate the Occupancy whereupon all rights of the Sharing Owner to exclusive occupation of the Property shall cease forthwith. Notwithstanding the foregoing should the Sharing Owner continue to occupy the Property after termination of the Occupancy in terms of clauses 9.1, 9.2 and 9.5 hereof then the Sharing Owner will be liable to pay by way of penalty to the Association a sum equivalent to the Occupancy Payment which was payable immediately prior to the date of default or termination until the Sharing Owner removes from the Property. Similarly in the event of the termination of the Occupancy in terms of clause 9.3 hereof then the executors of the Sharing Owner will be liable to pay to the Association a sum equivalent to the Occupancy Payment which was payable immediately prior to the date of death until the sale of the Sharing Owner's Share or the joint sale of the Property as detailed in clause 10.1 hereof.

9. TERMINATION

The Occupancy shall terminate immediately on the occurrence of any of the following events:-

- 9.1 Default in terms of clause 8 hereof;
- 9.2 Expiry of 20 years or the expiry of any further period agreed as detailed in clause 2.1
- 9.3 The death of the Sharing Owner;

- 9.4 The Sharing Owner acquiring 100% ownership of the Property;
- 9.5 The Sharing Owner voluntarily removing from the Property in terms of clause 10.3 hereof.

10. PROCEDURE UPON TERMINATION

10.1 Default or Death

Upon termination of the Occupancy under clauses 9.1 and 9.3 hereof the Association will have the option to;

10.1.1 purchase the Sharing Owner's Share of the Property; or

10.1.2 require the Sharing Owner or his/her/their representatives 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 reasonably be obtained; or

10.1.3 consent to a sale of the Sharing Owner's share on the open market to a new Sharing Owner approved of by the Association on such reasonable conditions as the Association may require.

The Association will require to intimate to the Sharing Owner which of the foregoing options it intends to exercise by serving written notice on the Sharing Owner or his executors within a period of 42 days from the date of termination of the Occupancy and failing service of such notice, will be deemed to have exercised the option specified in clause 10.1.2 hereof. In either case, the provisions regarding the sale of the Property and the application of the sale proceeds described in clause 10.3 hereof will apply.

10.2 Expiry of 20 years

10.2.1 Option to purchase Association's Share on expiry

10.2.1.1 The Sharing Owner will have the right to purchase the Association's Share forthwith upon expiry of the 20 years of Occupancy or the expiry of any further period agreed as detailed in clause 2.1 hereof provided that the Sharing Owner notifies the Association in writing to this effect at least three months prior to the date of said expiry.

10.2.1.2 The provisions of Part 1 of the Schedule (other than paragraph 2.2 thereof) shall apply to such a purchase under declaration that:-

10.2.1.2.1 at the expiry of the 20 years of the Occupancy or the expiry of any further period agreed as detailed in clause 2.1 hereof the Sharing Owner will be deemed to have served on the Association the

Notice referred to in paragraph 2.1 of Part 1 of the Schedule;

10.2.1.2.2 the Sharing Owner shall settle the purchase of the Association's Share within eight weeks of receiving notification of the Market Value;

10.2.1.2.3 the Sharing Owner shall pay interest on the purchase price to the Association at the rate of five per centum per annum above the then current base lending rate of the Bank of Scotland from the expiry of the eight week period referred to in clause 10.2.1.2.2 hereof until payment.

10.2.2 Option to purchase Sharing Owner's share on expiry

If the Sharing Owner does not exercise his right to purchase the Association's Share in terms of clause 10.2.1 hereof the Association will upon the expiry of the 20 years of the Occupancy or the expiry of any further period agreed as detailed in clause 2.1 hereof have the right to purchase the Sharing Owner's share provided that notice to this effect is served by the Association upon the Sharing Owner within two months prior to the date of expiry. The provisions of clause 10.3.2 hereof shall apply to such purchase subject to the notice served in terms this clause being deemed to be counter notice in terms of clause 10.3.1 hereof.

10.2.3 Joint Sale on Expiry

If neither the Sharing Owner nor the Association exercises its right in terms of clause 10.2.1 or 10.2.2 hereof the parties shall jointly sell the Property and the provisions of clause 10.3.3 hereof shall apply.

10.3 Voluntary Removal

10.3.1 The Sharing Owner shall, in the event that he wishes to remove from the Property, serve notice in writing on the Association giving the Association the option at its discretion either

10.3.1.1 to purchase the Sharing Owner's Share;

10.3.1.2 to join with the Sharing Owner in a sale of the Property; or

10.3.1.3 to allow the Sharing Owner to sell the Sharing Owner's share on the open market to a new Sharing Owner approved of by the Association subject to such reasonable conditions as the Association may require.

The Association, if it wishes to purchase the Sharing Owner's Share, shall within forty two days after service by the Sharing Owner of the

said notice serve on the Sharing Owner a counter notice confirming its intention to purchase.

10.3.2 in the event that the Association serves the said counter notice as aforesaid the following provisions shall apply:-

- 10.3.2.1 in this clause the expression "Portioned Percentage" shall mean the Sharing Owner's Share expressed as a percentage of the Property and the expressions "Market Value" and "the Valuer" shall have the meanings respectively ascribed thereto in Part 1 of the Schedule save that the assumptions 1.4 and 1.5 of Part 1 of the Schedule shall be disregarded when determining the Market Value for the purposes of this 10.3.2 clause;
- 10.3.2.2 the Association shall, within seven days of serving the said counter notice, instruct the Valuer to determine the Market Value as at the date of service of the said counter notice and shall notify the Sharing Owner of the amount thereof in writing within seven days of the said determination by the Valuer (declaring always that the Valuer shall be deemed to be acting as an expert and not as an arbiter and his decision as to the Market Value shall be final and binding on the parties hereto);
- 10.3.2.3 the association shall settle the purchase of the Sharing Owner's Share within eight weeks of the said determination by the Valuer (under declaration that time shall be of the essence) and the costs of such determination shall be paid by the Association;
- 10.3.2.4 the purchase price payable for the Sharing Owner's Share shall be the sum equal to the Portioned Percentage of the Market Value as determined as aforesaid and in exchange for payment of the said purchase price the Sharing Owner shall give the Association entry to the Property with vacant possession and shall deliver to the Association a validly executed Disposition of the Sharing Owner's share in favour of the Association or its nominee and shall deliver such details, titles, searches, reports and/or Land and/or Charge Certificates as may be appropriate; and
- 10.3.2.5 the Occupancy shall terminate upon settlement of the purchase by the Association of the Sharing Owner's Share.

10.3.3 In the event that the Association does not serve the said counter notice as aforesaid and where clause 10.3.1.3 does not apply the parties shall jointly sell the Property with vacant possession on the open market by private bargain for the best price that can be reasonably obtained and shall participate in the free proceeds of sale in accordance with their respective interests as joint owners in the Property provided always that in a division of the sale proceeds due regard shall be had to the effect on the sale price of (a) any improvements made to the

Property by the Sharing Owner otherwise than in pursuance of an obligation incumbent upon him in terms of this Agreement and (b) any failure of the Sharing Owner to comply with and perform the obligations incumbent upon him in terms of this Agreement. The Occupancy shall terminate upon settlement on the date of entry of the sale by the parties.

11. ASSIGNATION BY ASSOCIATION

The Association shall not assign its rights in this Agreement and/or convey its interest in the Property to persons other than a housing association (within the meaning of Section 2 of the 2014 Act) duly registered with the Scottish Housing Regulator.

12 ARBITRATION

Any dispute or difference between the parties as to the interpretation of this Agreement or as to the fulfilment or otherwise by either party of their respective obligations hereunder or as to any matters connected therewith (other than as to the valuation of the Property) shall, failing agreement be determined by an Arbiter to be nominated by the parties failing agreement by the President for the time being of The Law Society of Scotland on the application of either party and the awards of such Arbiter shall be final and binding on the parties.

13. NOTICES

Any notice required to be given by any party to this Agreement shall be in writing. Any notice to the Sharing Owner shall be sufficiently served if delivered by hand to the Property or if sent by recorded delivery post addressed to the Sharing Owner at the Property. Any notice to the Association shall be sufficiently served if delivered by hand to the Association's Registered Office or if sent by recorded delivery post addressed to the Association at its Registered Office. 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 served by post and in proving such service it shall be sufficient to prove that the notice was properly addressed and posted.

14. FORCE AND EFFECT

This Agreement shall remain in full force and effect until the Sharing Owner has purchased the Association's Share, the Association has purchased the Sharing Owner's Share or the Property has been sold by the parties whether pursuant to the terms of clauses 10.1, 10.2, and 10.3 hereof or otherwise and also until the Sharing Owner has made payment of all sums due to the Association in terms of this Agreement.

15. REGISTRATION

The parties hereto consent to registration hereof for preservation and execution IN WITNESS WHEREOF these presents typewritten on this and the preceding pages are, together with the Schedule annexed, executed as follows:-

SEALED with the Common Seal of the said CLOCH HOUSING ASSOCIATION LIMITED at Greenock on the..... day of and subscribed by:-

.....Secretary

.....Board/Committee Member

.....Board/Committee Member

SIGNED by the said

.....

.....

at on the.....day of..... in the presence of this witness:-

Witness.....

Full Name.....

Address.....

.....

Occupation.....

SCHEDULE
PART 1
PURCHASE OF ADDITIONAL SHARES (STAIRCASING PROVISIONS)

1. In this Part of the Schedule the following expressions shall have the following meanings:-

"Market Value" means at the date hereof £ and at any subsequent date means the then open market value of the Property upon the following assumptions:-

- 1.1 that the Occupancy had not been granted;
- 1.2 that vacant possession of the Property is available;
- 1.3 that neither the Sharing Owner nor a member of his family residing with him wishes or has any right to purchase the Property;
- 1.4 that the Sharing Owner has duly complied with, performed and discharged all the obligations incumbent upon him in terms of this Agreement; and
- 1.5 that any improvements made to the Property by the Sharing Owner at his expense and otherwise than in pursuance of an obligation incumbent upon him in terms of this Agreement shall be ignored and any value attributable thereto disregarded;

"Initial Percentage" means the Sharing Owner's Share as at the date of this Agreement expressed as a percentage of the Property;

"Portioned Percentage" means at any relevant time such portion of the Property being a relevant Share expressed as a percentage of the Property;

"relevant Share" means at any relevant time such share as is referred to in clause 3 of this Agreement as the Sharing Owner elects to purchase pursuant to paragraph 2.2 hereof;

"the Valuer" means either (a) the District Valuer of the Inland Revenue for the district in which the Property is situated or such other professionally qualified valuer as the Association and the Sharing Owner may agree or (b) such other person approved of in writing by the Scottish Housing Regulator.

2. 2.1 The Sharing Owner shall serve on the Association a notice in writing requiring the Association to instruct the Valuer to determine the Market Value as at the date of service of the said notice and the Association shall notify the Sharing Owner of the amount thereof in writing within seven days of the said determination by the Valuer.
- 2.2 Provided settlement is effected within three months of such notification by the Association the Sharing Owner may purchase a

relevant Share subject to and in accordance with the provisions of paragraph 3 hereof.

- 2.3 The costs of any such determination by the Valuer shall be paid on demand by the Sharing Owner to the Association.
- 2.4 The Valuer shall be deemed to be acting as an expert and not as an arbiter and his decision as to the Market Value shall be final and binding on the parties hereto.
3. The purchase price payable for the relevant Share shall be a sum equal to the Portioned Percentage of the Market Value as determined as aforesaid by the Valuer and in exchange for payment of said purchase price and any other sum due in terms of paragraph 5 hereof the Association shall deliver to the Sharing Owner a validly executed Disposition in respect of the relevant Share in favour of the Sharing Owner.
4. The Occupancy Payment payable with effect from the first day of the month following payment of the purchase price to the Association shall be calculated as specified in Part 2 of the Schedule with the Association's Share reduced to reflect the Sharing Owner's purchase.
5. At settlement of the purchase of a relevant Share the Sharing Owner shall pay any arrears of Occupancy Payment and any other sums due in terms of this Agreement to the Association.
6. Upon settlement of the purchase of a relevant Share the Sharing Owner and the Association shall forthwith execute a Memorandum detailing the new Occupancy Payment.

**SCHEDULE
PART 2**

CALCULATION OF THE OCCUPANCY PAYMENT

1. The Occupancy Payment payable by the Sharing Owner comprises :-
 - 1.1 a Basic Payment calculated in accordance with the Association's rent policy, multiplied by the Association's Share;
 - 1.2 a Management Fee/Insurance Charge, approved by the Scottish Housing Regulator; and
 - 1.3 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 (75%)	£
SERVICE CHARGE (Per Month)	
BUILDINGS INSURANCE (Per Month)	_____
OCCUPANCY PAYMENT (Per Month)	_____
TOTAL PER ANNUM (Per Annum)	<u>£</u>

2. The Occupancy Payment is subject to annual review on 1st April 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 the Appendix hereto.
4. Where a Service Charge is payable, the Association will issue a written statement 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 not 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 for the purpose of having the Occupancy Payment fixed apply to an independent valuer being (a) a Chartered Surveyor nominated by the Chairman for the time being of the Scottish Branch of the Royal Institution of Chartered Surveyors (b) a person nominated by the Rent Registration Service or (c) such other person as may be approved by the Scottish Housing Regulator. The decision of such independent valuer will be final and binding. The expenses of the appeal will be allocated between the parties by such independent valuer as he deems equitable as part of his determination and such allocation will be final and binding upon the parties.

7. If the Sharing Owner does not serve a notice of 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 1st April 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.

**APPENDIX
OCCUPANCY PAYMENT REVIEW NOTICE**

This is an important notice. If you take no action you will be deemed to have agreed the Occupancy Payment payable.

Date :
To : (name and address of the Sharing Owner)
From : (name and address of Association)

Re : (address of property)

We hereby give you notice that with effect from 1st April next, the Occupancy Payment payable will be made up as follows :-

BASIC PAYMENT x ASSOCIATION's SHARE £ x £	=£
MANAGEMENT FEE/INSURANCE CHARGE	+£
SERVICE CHARGE	+£
OCCUPANCY PAYMENT	<u> </u> =£

APPEAL

1. If you wish to appeal the Occupancy Payment chargeable you have four weeks from the date of service of this notice within which to serve a written notice on the Association of your intention to appeal. Written notice must be either delivered by hand or sent by recorded delivery post to our address above.
2. 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 either you or we may for the purpose of having the Occupancy Payment fixed apply to an independent valuer being (a) a Chartered Surveyor_nominated by the Chairman for the time being of the Scottish Branch of the Royal Institution of Chartered Surveyors (b) a person nominated by the Rent Registration Service or (c) such other person as may be approved the Scottish Housing Regulator to have the Occupancy Payment fixed. The decision of such independent valuer will be final and binding. The expenses of the appeal will be allocated between the parties by such independent valuer as he deems equitable as part of his determination and such allocation will be final and binding upon the parties.
3. The Occupancy Payment shown in this notice will be payable unless and until you and we agree another Occupancy Payment or another Occupancy Payment is fixed as the case may be.

NOTES

1. If you do not serve written notice of intention to appeal within the time limit you will be liable for payment of the Occupancy Payment as shown in this notice.
2. 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.

.....Signature

.....

.....

On behalf of

Housing Association Limited

**SCHEDULE
PART 3
SERVICES**

The Association will provide the following services:-

Block Buildings Insurance Policy
Maintenance of Common Areas

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.

EXCLUSIVE

OCCUPANCY AGREEMENT

between

**CLOCH HOUSING ASSOCIATION
LIMITED**

and

Subjects:

**Messrs. Patten & Prentice
Solicitors,
2 Ardgowan Square,
Greenock, PA16 8PP**

SHARED OWNERSHIP
CO-OPERATION AGREEMENT

between

CLOCH HOUSING ASSOCIATION
LIMITED having its Registered Office at 41
High Street, Greenock (hereinafter referred
to as "the Association")

and

(hereinafter referred to as the "Lender")

WHEREAS

- (A) the Association has in the past constructed/acquired dwellinghouses, continues to do so and will from time to time in the future construct/acquire further dwellinghouses for use in a programme of Shared Ownership (said dwellinghouses and said programme being hereinafter respectively referred to as "the Subjects" and "the Scheme");
- (B) in terms of the Scheme the Association has sold, continues to sell and in the future will sell pro indiviso shares in the dwellinghouses comprised in the Subjects to persons participating in the Scheme (such pro indiviso shares and the persons participating in the Scheme being hereinafter respectively referred to as "the Sharing Owner's Share" and "the Sharing Owner") and the Sharing Owner occupies that part of the dwellinghouse not comprised within the Sharing Owner's Share under a Minute of Agreement in a form previously notified to and approved by the Lender entered into between the Sharing Owner and the Association (hereinafter referred to as "the Exclusive Occupancy Agreement");
- (C) the Lender has made, continues to make and in future may make advances to certain of the Sharing Owners to assist in the purchase of such pro indiviso shares and such advances are secured in each case by a Standard Security granted by the Sharing Owner over the Sharing Owner's Share (each of such Standard Securities being hereinafter referred to as "a Standard Security"); and
- (D) it is expedient that the Association and the Lender regulate their respective interests all dwellinghouses comprised in the Subjects in respect of which the Society has or will obtain a Standard Security.

NOW THEREFORE the parties hereto have agreed and do hereby agree as follows:

- (One)
- (a) The Exclusive Occupancy Agreement shall provide that any failure by the Sharing Owner to perform or observe any of the terms conditions or provisions to be performed or observed by the Sharing Owner in terms of a Standard Security shall entitle the Association to exercise its rights under the Exclusive Occupancy Agreement.
 - (b) The Lender shall be entitled at any time to call up a Standard Security in the manner prescribed by Section 19 of the Conveyancing and Feudal Reform (Scotland) Act 1970.
 - (c) It has been and will continue in the future to be a condition of any advance made by the Lender to a Sharing Owner to which it lends that it be granted a Standard Security over the entire Sharing Owner's Share in any dwellinghouse comprised in the Subjects over which the Lender is to obtain security from the Sharing Owner (hereinafter referred to as the "relevant dwellinghouse").
 - (d) Where the Lender holds a Standard Security which is duly intimated to the Association and the Association in terms of the Exclusive Occupancy Agreement has agreed to sell an additional pro indiviso share in the relevant dwellinghouse to the Sharing Owner the Association shall so advise the Lender in writing upon conclusion of missives or not less than 21 days prior to settlement of said sale, whichever is the earlier.
- (Two) The Association and the Lender hereby undertake to collaborate in the exercise of the powers available to them in terms of the Exclusive Occupancy Agreement and a Standard Security respectively with a view to safeguarding their respective interests and in particular but without prejudice to the foregoing generality:
- (a) The Lender undertakes that if the Sharing Owner is in default of the Standard Security then it shall forthwith advise the Association of said default;
 - (b) The Association undertakes that if the Sharing Owner is in default of his obligations to the Lender in terms of a Standard Security, it shall forthwith exercise its rights under the Exclusive Occupancy Agreement

with a view to joining with the Lender in a sale of the relevant dwellinghouse; and

- (c) The Lender undertakes, in the event that the Association issues a notice to terminate the Occupancy in terms of the Exclusive Occupancy Agreement, to exercise its rights under its Standard Security (including calling-up) forthwith with a view to joining with the Association in a sale of the relevant dwellinghouse.
- (Three) Neither party shall consent to the Sharing Owner granting any further Standard Security over the Sharing Owner's Share (other than to the Lender) without first obtaining the written approval of the other party.
- (Four) The interest of the Lender is and will be endorsed on the Policy of Insurance to be maintained by the Association in terms of the Exclusive Occupancy Agreement and the Association shall provide such evidence of the amount (which shall be not less than the extent of reinstatement value) and the nature of cover and the payment of premiums as may be required by the Lender to comply with the Lender's Conditions of Loan.
- (Five) The parties hereby acknowledge and confirm that this Agreement supersedes and revokes any prior Agreement between the parties regarding and programme of Shared Ownership with staircasing, but it is acknowledged by the parties that this Agreement has retrospective effect and regulates all existing Shared Ownership properties in which the parties have an interest as well as any to which they may acquire an interest in the future.
- (Six) The parties consent to registration hereof for preservation: IN WITNESS WHEREOF

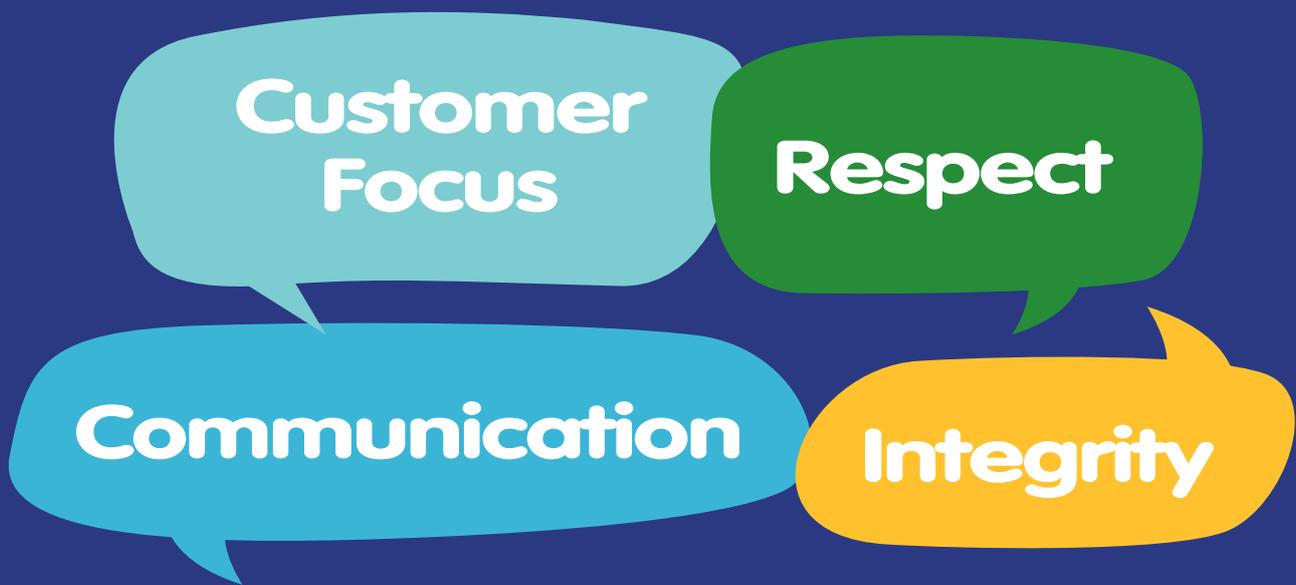
CO-OPERATION AGREEMENT

between

**CLOCH HOUSING
ASSOCIATION LIMITED**

and

**Patten & Prentice,
Solicitors, Greenock**



CLOCH HOUSING ASSOCIATION LTD	
Policy Name	Shared Ownership Policy
Policy Category	HM
Policy Number	043
Date Adopted	01/11/1998
This Review	29/05/2018
Next Review	May 2021
Equalities Impact Assessment Required	No
Link to other policies	Allocations, Factoring & Management Fees, Rent Setting, Rent Arrears
Consultation	Internal only
Need for Procedure	No