

This policy defines the Amplius approach to home sales across a range of tenures. It is written to manage sales risks, detailing who can buy, the information we will provide for customers and our approach to sales, including sitting customer sales. Within the policy we have to take into consideration specific planning permission conditions, regulatory requirements, individual lease terms as well as funding and grant requirements.

# New Sales Policy

## Document management

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## Review process

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## Part 2

# Overview

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### **Policy statement**

This policy supports Amplius's values and is a commitment to improving lives and supporting colleagues by:

- providing homes people want in the locations that they are needed. Offering a choice of housing products and price points, including Shared Ownership, Rent to Buy and Market Sale.

This policy is a Day 1 provision for Amplius as a newly established company, it is subject to review as we develop and review our policies over the next 18 months.

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### **Scope**

The term Amplius incorporates all member companies and subsidiaries.

The policy applies to:

- all property sales, regardless of tenure and will be followed by our New Homes Officers, Asset Sales Officers, New Homes Managers and Asset Sales Managers.

The policy does not form part of any colleague's contract of employment and the policy may be amended at any time.

### Part 3

## Policy details

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### Intent

This policy covers new build and other shared ownership sales, sales on this tenure form the main part of this policy, but included later in the document is our approach to:

- Market sales, including leasehold for the elderly homes.
- Sales to existing customers (Right to Buy, Right to Acquire & Right to Shared Ownership)
- The sale of existing assets

We often sell homes to first time buyers and sell homes on tenures, such as shared ownership, which involves long leases. These set up a long-term relationship between Amplius and buyers after completion.

This policy highlights our approach to sales, including the key information we will share with customers to help them make informed decisions and to enable a successful long term home ownership experience with Amplius.

There are several risks associated with sales, including financial, cashflow, grant funding, standing stock, changing valuations, a failure to sell to qualifying buyers and reputational risk. The Sales policy seeks to help mitigate these risks by ensuring an efficient sales approach, focussed on providing timely information to customers.

This policy is underpinned by the following principles.

- Close alignment and involvement with our Growth & Development Strategy and the associated processes.
- Clear reporting and Governance arrangements.
- Compliance with all legal, regulatory, funding requirements and the pursuit of best practice

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### Understanding the market to manage risk

All sales schemes will have sales and marketing input from the feasibility stage to advise on the marketability of potential development opportunities, influence decision making and shape the product, this will consider:

- scheme details - location, number of homes, type of homes, specification and suggested tenures.
- local market conditions - competition, local property prices, incomes, awareness of tenures and formal valuations
- marketing approach – promotional approach, on site set up, show home, local selling agents & marketing plan.
- financial viability and sales outcomes, such as minimum average percentage shares to be achieved.

Prior to contracting on a development with homes for sale, we will have a clear and up to date view of the market, achievable outcomes, required marketing budget and agreed outline marketing plan.

A variety of sources of information will be used to shape this work:

- available housing market data, professional opinions including local estate agents, formal valuations and the in-house sales team.
- sales data about previous buyer demand, current mortgage lending and current market conditions, such as likely mortgage market changes in lending criteria, interest rates and wider product changes
- our own data, current and historic, will also provide insight to identify sales trends and inform the sales planning and budget requirements.

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### **New build shared ownership**

Shared ownership is a type of affordable home ownership. It's for people who are unable to buy a home outright on the open market.

Amplius is a registered housing provider, regulated by the Regulator of Social Housing (RSH). As a not-for-profit housing association and the recipient of Homes England (HE) grant funding, this policy ensures that we allocate shared ownership homes in accordance with Amplius charitable objectives, any Section 106 planning requirements and the Homes England (HE) Capital Funding Guide (CFG).

Not all our shared ownership homes have been partially funded by grant from Homes England, where possible we aim to deliver a consistent approach for all our shared ownership developments, with any differences being highlighted in our scheme specific documentation and promotion.

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### **Policy details new build shared ownership**

Shared ownership is one of the main forms of tenure sold by Amplius. The next section of this policy sets out our approach to selling new shared ownership homes.

Amplius will assess all applications fairly and without discrimination, in a transparent and consistent approach, so we can sell shared ownership to qualifying purchasers, in line with the Homes England's eligibility criteria, whilst managing the risks associated with this sales product.

We are clear about how shared ownership homes are sold and applications considered. The financial assessment carried out for shared ownership will be free of charge and completed by a suitably qualified and experienced external / 3<sup>rd</sup> party advisor, regulated to give mortgage advice.

The policy aims to meet the following objectives, to:

- provide customer focused information and processes.
- be transparent on the eligibility criteria for shared ownership and how we prioritise customers.
- give fair and equal access to shared ownership homes.
- consider all shared ownership applications in an impartial, equitable and consistent manner, following Homes England's (HE) requirements as set out in the Capital Funding Guide (CFG)

- ensure, as far as practically possible, that shared ownership is a long term, sustainable housing option for our customers.

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### **Outline approach**

Shared ownership developments will be delivered based on a 'target' average equity share across a development. This approach will not exclude offering lower or higher shares, where that is required by grant funding or planning.

We will determine eligibility, prioritise applications and assess affordability for shared ownership homes in line with HE guidance and any planning permission requirements for specific development sites.

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### **Eligibility**

To be eligible to purchase a shared ownership home, customers must have a gross household income of less than £80,000 (in areas outside of London) and be otherwise unable to purchase a suitable property for their housing needs on the open market.

Only in exceptional circumstances can Amplus consider customers with a household income above the maximum threshold and only where we can secure written permission from HE.

Amplus will work with suitably qualified shared ownership mortgage advisers, who will initially assess if customers meet eligibility criteria. If customers meet the eligibility requirements there will be a second stage, which will look at affordability in more detail.

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### **Enquiry and applicant assessment**

We adopt a two-stage process when assessing eligibility and affordability and this will be undertaken by the suitably qualified mortgage advisor. The stages are:

- Stage 1 – initial assessment (eligibility)
- Stage 2 – full assessment (affordability)

The assessments are provided to the applicant at no cost and applicants are not required to take a mortgage out through the mortgage advisor.

The results of these assessments will be relied upon as the definitive and final source to agree eligibility and if eligible the share to be purchased.

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### **Initial assessment (Stage 1) – eligibility**

This assessment is a high-level check to confirm if the customer:

- is likely to be able to purchase the minimum share for a new shared ownership home (or the share being sold for a resale home)
- meets Amplus' policy in relation to accessing a shared ownership home.
- for existing homeowners that they have sold their home, with a complete sale chain in place.

Customers successfully passing Stage 1, will then become a registered applicant.

Depending on the level of demand for the home or new build development they may progress straight to Stage 2 or have a period of waiting.

Where demand exceeds the number of homes available, we will prioritise applicants, on a first come first served order (detailed in the Priority section of this policy).

Amplius will notify customers who do not meet stage 1 requirements.

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### **Full assessment (Stage 2) – detailed assessment - affordability**

This stage involves a detailed assessment of income, expenditure, circumstances and preferences including any known or likely future changes that will impact on income and / or expenditure, it will include:

- the completion of a budget planner, which will be stress tested as required under the CFG. The outcome will need to meet the minimum surplus income requirement detailed in this policy.
- anti money laundering and fraud checks

The assessment will determine the share the applicant is offered, which will be a share that is suitable for their affordability, assessed as sustainable (including any known future changes) and does not unduly overcommit them financially based on the information they provide.

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### **Priority (first come first served)**

The offer of a shared ownership home is prioritised on a first come, first served basis, the date used for this prioritisation will be the date of a positive stage 1 financial assessment, completed by a panel mortgage adviser.

The only exception to the first come, first served basis is when we receive applications from qualifying Ministry of Defence (MoD) personnel or if planning permission for a site prioritises sales to applicants with some form of local connection, or a requirement to accept nominations from a local authority.

The definition of qualifying MoD personnel includes serving military personnel and former members of the British Armed Forces discharged in the last 2 years. If they die whilst in service, their priority can be transferred to their bereaved spouse or civil partner.

Some shared ownership developments have specific local connection eligibility criteria set out in the planning approval granted by the local authority and this will be clearly advertised where applicable. The criteria are set out in a Section 106 agreement. This could dictate that Amplius must give priority to customers who live or work in the area or other criteria that the local authority decides. This may also mean that Staircasing is restricted to 80%.

There may be schemes where Local Authorities have the right to make nominations. For these schemes we aim to contact the local authority housing department six months prior to completion of the first properties on a scheme to explain our policy and eligibility criteria.

If there is insufficient demand for the original tenure and eligibility criteria, then after seeking Local Authority approval, homes may be sold to applicants on the open market.



### **Surplus monthly income**

Prospective purchasers will be required to have a minimum of 10% surplus income at the end of each month.

This will be established through the completion of a comprehensive budget planner, with the mortgage advisor as part of the stage 2 affordability full assessment. There is no maximum amount of surplus income each month.

Where monthly income is partly or solely from state benefits or from self-employment, our panel mortgage advisor will assess what is seen as sustainable income, which will be used for the assessment.

All prospective purchasers will be required to partake in the affordability assessment, this includes purchasers who are not looking to secure mortgage borrowing.

To test the 10% minimum surplus income our approved financial advisor will use the following calculation:

A = gross household income

B = deductions from gross income (such as pension contributions)

C = known commitments (such as childcare, commuting costs, loans, other credit)

D = housing costs excluding mortgage (such as rent, service charge, utility bills, council tax)

E = net income remaining for mortgage purposes

F = mortgage cost (F is no greater than 30% of E)

G = other essential spending (such as food, clothing, travel)

$$\mathbf{E = (A - B - C - D)}$$

After calculating the net income remaining for mortgage purposes, a second calculation using the likely mortgage cost, will test the surplus income for the applicant.

The surplus income is the money remaining each month and it needs to be at least 10% of the gross household income.

$$\mathbf{E - F - G = surplus\ income.}$$

The surplus income figure will need to be at least 10% of A.

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### **Maximising the share percentage purchased**

Amplius requires customers to purchase the maximum share they can afford. This is a condition of accepting Homes England grant funding to build shared ownership homes.

Amplius recognises that customers will have individual circumstances which will determine what proportion of their income can be spent on housing costs. The mortgage advisor will consider all the customer's circumstances as part of the financial assessment and propose a share level that is deemed affordable.

Shares will be sold flexibly in accordance with the purchaser's specific circumstances. HE recommend that shared ownership schemes should be based on an initial percentage purchase between 10% and 75%. Normally purchasers will be allowed to staircase to 100%, although for certain schemes restrictions may apply.

Schemes funded with grant from the 2021-26 Homes England Affordable Homes Programme, can be purchased with shares as low as 10%, subject to an affordability assessment and the requirement for each purchaser to maximise the share level they can reasonably afford to buy and sustain.

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### **Existing owners**

Owner occupiers can access shared ownership subject to the following conditions:

- that they meet the general eligibility criteria for the scheme. That their annual household income is no more than £80,000 and combined with any equity from the sale of their current home, they are otherwise unable to afford to purchase a suitable home to meet their needs without assistance.
- they are required to have sold their property or sell their property at the same time as buying through shared ownership.
- in exceptional cases where a customer is prevented from accessing or selling their existing home, the customer may still be considered, but only if Amplus can secure prior written agreement from Homes England.

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### **Fraud & anti money laundering**

To guard against fraud and money laundering, the panel mortgage advisors or appointed selling agents, depending on how the homes are being marketed, will carry out the necessary checks as part of our stage 2 assessments.

Each applicant will be required to provide proof of:

- identity
- address
- date of birth
- income
- source of funds for deposits (if a gifted deposit is being used from someone not buying the home, the person or persons gifting the funds will also need to provide the above proof of ID and funds).

Credit history may be checked with a credit-referencing agency. Customers that have undischarged County Court Judgments against them may not be considered.

If an applicant is offered a property, our solicitors may carry out a Land Registry search to ensure that the purchaser does not own another property.

The purchasers' solicitors, as part of the conveyancing process, in accordance with current legislation, will also complete anti money laundering checks.

In instances where concerns are raised in respect of Anti Money Laundering, the Anti-Fraud, Bribery and Corruption Policy and Procedure will be adhered to.

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### **Immigration status**

Amplus is open to applications from customers without indefinite leave to remain. A key indicator we will use, is if a qualifying lending institution such as a bank or building society is willing to provide finance for the purchase. This will be an important consideration in addition to the two-stage affordability assessment.

### **Existing social housing customers**

Existing customers of a housing association, housing trust, housing cooperative, local authority, or any other form of social housing landlord, need to declare their tenancy.

The customer or customers will need to notify their landlord that they are buying a shared ownership home. Usually, the landlord will check their rent account is not in arrears or any other issues with the tenancy.

Amplius will contact the applicants' landlord to check the shared ownership application has been declared.

The customer or customers will need to surrender their tenancy at the same time as buying the shared ownership home to relinquish any interest in the home, hand it back in good order to their landlord and clear any arrears.

If the social housing home has joint customers and only one wishes to purchase the shared ownership property, and the other wishes to remain in the home as a customer, this must be discussed with their landlord. The customer who is not taking part in the shared ownership purchase, may not qualify to remain as a single customer and may need to move out of the home, surrender their tenancy and find alternative accommodation.

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### **Joint customers**

Customers can apply as joint customers to buy on the condition that both customers become the joint legal owners of the home.

For a joint application, both customers must meet the shared ownership eligibility criteria and the assessment of affordability will be based on the financial circumstances of both. It is possible for more than two people to form a joint application, providing all parties individually and combined meet the eligibility criteria for shared ownership (i.e. the total gross household income is less than £80,000).

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### **Cash purchases**

Customers may purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings. For example, if an older person could not take out a mortgage due to their age. In all cases customers will be required to have a financial assessment to review affordability and eligibility.

Cash purchasers should be able to demonstrate that the housing costs are affordable as part of the stage 2 assessment detailed in this policy and meet the minimum surplus income requirements.

As there is not a lender carrying out underwriting checks, the mortgage advisor and provider should agree how to evidence the applicant's financial information to avoid relying wholly on self-certification.

Cash purchasers will be assigned the first come first served date, based on the stage 1 assessment like all applications. If an existing homeowner becomes next in line under the first come first served, they will need to demonstrate they have sold their home STC with a completed sales chain, before a deposit can be taken against a new home.

For applicants looking to buy a resale home, it will be at the discretion of the seller if they will accept a cash buyer without a completed sale chain.

### **Connected Individuals**

All applications will be checked to ensure no conflict of interest exists between the customer and Amplus. A conflict of interest could be if the applicant, or a member of the applicant's household, is considered to be a connected individual, such as:

- they are a member of staff or a Board member.
- they are related to a member of staff or Board member of Amplus, or to a person who has had such position within the previous twelve months.
- they have been employed by Amplus in the last twelve months.

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### **Exceptions to qualifying criteria**

In some circumstances, customers who do not strictly meet the above criteria may be considered for shared ownership. This will be on the basis that the applicant has no other reasonable housing option, which will have to be supported by substantial written evidence and agreement from Homes England.

## Shared ownership promotion & presale completion

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### Shared ownership Leases

Homes England published model leases for shared ownership houses and flats, Designated Protected Areas, Older Persons Shared Ownership and Social Homebuy.

Amplius will use the most current form of model lease based on any grant funding programme requirements or planning permission associated with the specific new homes being delivered.

For new shared ownership homes these will be:

- Homes England model leases 2016 – 21
- Homes England model leases 2021 – 26 (AHP 21-26 model lease)

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### Lease Term

The minimum lease term for Shared Ownership homes funded under the AHP 2021 to 2026 is 990 years where possible.

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### Key Information Document (KID)

We will provide KID's in the format required by Homes England for our shared ownership sales (new build and resales). They will provide clear and comprehensive information to potential buyers of shared ownership properties, including information about:

- the property - such as its location, size, and any specific features or restrictions
- the costs associated with purchasing - including the initial purchase price, monthly rent, service charges, and any other ongoing costs.
- How shared ownership works - explains the shared ownership model, including how it works, the rights and responsibilities of the buyer, and the process for increasing ownership shares (staircasing) or selling the property.

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### Initial Share

Purchasers seeking to reserve a property which is funded and developed through the AHP 21 – 26 will be allowed to buy an initial share between 10% and 75%.

For homes that are funded without grant from the AHP 21-26 the initial share offered will be between 25% and 75%, unless the S106 planning agreement requires a different range of shares to be offered.

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### Advertising (New Build Sales)

Amplius will promote and advertise new homes for shared ownership sale, either directly or through locally based local sales agents.

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### Rent

Shared owners are charged a rent on the share of the home still owned by Amplius. The rent is calculated based on the value of the property when first sold, and the share they haven't bought. The customer will be told the rent percentage being used to calculate the rent on their home and this is set out in the lease.

The rent is reviewed annually – the formula used to calculate the annual rent increase is detailed in each lease.

Customers will need to pay a rent and building insurance, in addition they may also have a service charge and management fee. Payment is required monthly in advance and therefore prior to completion payment may be requested and a direct debit set up for future monthly payments.

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### **Service charges**

The KIDs document will set out the service charge information for the shared ownership home. The variable service charge figure given at time of purchase is an estimate for the current year and the final amount will be calculated during the reconciliation of the end of year accounts, with a formal notification issued to shared owners each year.

A new service charge figure will be issued to shared ownership customers annually. Customers will need to pay rent, service charge, building insurance and any management fee in advance prior to setting up the direct debit for monthly payments.

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### **Pricing & valuations**

Shared ownership must be sold at a price based on a current independent RICS (Royal Institute of Chartered Surveyors) valuation. This is a condition of the grant funding stated in the Homes England Capital Funding Guide. RICS valuations have to be updated every 3 months.

The sales price at the point of reservation is guaranteed until the exchange deadline. After this period Amplus reserves the right to change the sales price, dependant on a current RICS valuation.

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### **Offer of a property**

Once an applicant has been offered a property, they have 14 calendar days to accept the offer and reserve the property. To reserve a home, we require the buyer's chosen solicitor and a reservation fee of £250 - 500. The reservation fee will be deducted from the purchase price.

Customers need to exchange contracts by the stated exchange deadline – usually within 8 weeks of reservation. Any incentives offered at point of reservation are only valid if exchange happens before the stated deadline.

If a customer withdraws from the purchase before exchange of contracts, the reservation fee will be refunded, minus any Amplus costs incurred, such as abortive legal fees.

In some cases, where buying off plan, customers will be asked to exchange on notice, where the exact handover date of the home is not confirmed.

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### **Solicitors**

All customers are required to instruct a solicitor to represent their legal interests in the purchase of the home.

### **Buying a new build home off plan**

Amplius will start marketing new homes and take reservations off plan before the build has been completed.

We aim to keep customers updated and will communicate as information is available about the handover date of the new home, but we will not pay compensation for any change of handover date or handover delays.

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### **Stamp Duty Land Tax (SDLT)**

The responsibility for the calculation and payment of SDLT sits with the customer buying. All shared ownership customers must take responsibility for seeking correct advice and taking appropriate action to make payments. Customers should take advice from their chosen solicitor.

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### **Monitoring**

Sales activity is monitored operationally within the team, through monthly KPI reports and customer feedback is sought.

## Post sale completion

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### Shared ownership leases

Amplius will manage a range of shared ownership leases which have been granted by legacy organisations.

Significant changes were introduced under the Affordable Homes Programme (AHP) 2021-26

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### Shared Ownership Homes funded through the Affordable Homes Programme (AHP) 2021-26

The major changes to the AHP 2021 – 26 shared ownership lease are:

- the minimum initial share that can be purchased has reduced from 25% to 10%.
- the introduction of the option of staircasing in 1% increments for the first 15 years; larger shares can still be purchased with the minimum reducing from 10% to 5%.
- the introduction of a 10-year period during which the costs of any maintenance or repairs will be met by the landlord rather than the shared owner.
- the option for the shared owner to end the nomination period at the four week point if they wish to pursue a sale on the open market rather than the previous eight-week period.

When selling homes, we will confirm which lease is being offered for customers to buy and the KIDs information will provide the details.

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### Re-mortgaging

As set out in the shared ownership lease, if a shared owner wishes to re-mortgage, they must submit a written request to Amplius and obtain written permission before entering into a new loan agreement.

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### Subletting

A shared owner does not have the right to sub-let their home. Amplius will only consider granting permission to sub-let in exceptional circumstances and usually only for a limited pre-agreed period.

The shared owner must write to Amplius in advance to clearly set out why their circumstances are exceptional.

When reviewing a request to sub-let, the following factors will be considered:

- Do the reasons for sub-letting genuinely stem from unavoidable need, and are not for speculation or gain?
- Are the terms of the sub-let for a fixed period?
- If required, does the shared owner have the permission of the mortgage lender?

If a request is from a serving member of the Armed Forces whose tour of duty requires them to serve away from the area in which they live (a distance of at least 50 miles or 90 minutes



travelling time) for a fixed period, and the general criteria above are also met, the shared owner may sub-let subject at Amplus' discretion.

If there is any doubt whether Amplus should grant permission to sub-let in specific cases, guidance will be sought from Homes England. In all cases, Amplus will seek its own legal advice on the implications of granting permission to sub-let.

Unauthorised sub-letting is a serious breach of the lease terms and could result in Amplus taking legal action against the shared owner.

The lease does not prohibit the taking in a paying guest/lodger, therefore no request for permission is required. However, homes should not be used as commercial bed and breakfast accommodation.

The property must remain the shared owner's primary residence. The shared owner is responsible for obtaining permission from their mortgage provider.

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## **Pets**

Amplus leases and new homes information will contain relevant information about pet ownership.

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## **Financial Difficulty**

If a shared ownership customer is experiencing difficulties in paying their rent, service charge or their mortgage, they should contact Amplus to discuss the issue as we may be able to support them.

Amplus may be able to help with directing customers to financial advice or in some circumstances consider a payment plan to manage any arrears on their rent or service charge account.

Customers should also let their lender know if they're struggling to pay their mortgage so their lender can potentially consider options to help and support. All customers should be aware their home is at risk if they don't keep up with payments. It's important they reach out and ask for support at an early stage.

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## **Resales - Assignments**

When a shared owner wishes to sell their share of a property, Amplus may nominate a purchaser to buy the share from the shared owner through the nomination provisions within the lease.

Where a nomination is not made, the existing shared owner will be free to sell their share through the open market.

All leases include a mechanism to set the price paid for the share, based on a current RICS valuation. The lease will allow Amplus the right to approve the potential purchaser before any change of ownership and Amplus consent to the assignment is required before a property can be sold.

This consent will be issued if the prospective purchaser:

- meets the general eligibility criteria and has a genuine reason to purchase the property with the intention of occupying it as their sole or principal home.
- meets any specific eligibility criteria that may be set in the Section 106 agreement.
- meets the affordability criteria for the property.

Some shared owners may decide to perform a 'back-to-back' staircasing sale. That is, they will staircase to 100% ownership and sell the property outright simultaneously.

For resale homes where the new buyer is purchasing 100%, the applicants do not need to meet the eligibility or affordability criteria.

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## Staircasing

Shared owners may increase the percentage share of the equity that they own at any time during the term of the Shared Ownership lease. This process is known as 'staircasing'.

There are different staircasing arrangements, depending on the wording in the lease.

Lease	Staircasing available	Valuation method	Valuation & administration fees charged
Shared Ownership Affordable Homes Programme 2016-21 (& older legacy leases)	minimum staircasing transaction 5% or multiples.	Royal Institution of Chartered Surveyors (RICS) valuer	Yes
AHP 21-26	minimum staircasing transaction is 10% or multiples  and	Royal Institution of Chartered Surveyors (RICS) valuer	Yes
	gradual staircasing in additional 1% shares per year, for the first 15 years of the lease	valuation is calculated from the Land Registry's House Price Index (HPI)	No

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## Gradual staircasing additional 1% shares only

For some leases the option of purchasing an additional 1% per year for the first 15 years, resets and commences once again upon each assignment.

Amplius will provide shared owners with an up-to-date valuation at least once a year and at any other point the shared owner requests to purchase an additional 1%. Shared Owners will not be able to roll over or accumulate the gradual staircasing offer to purchase in future years – it will be limited to a maximum of 1% each year.

There will be no right to appeal an estimated valuation. If unhappy, the shared owner can opt to use a RICs valuation. This will be at the cost of the shared owner.

Amplius will also have the right to use a RICS valuation where there are significant concerns about the accuracy of an HPI calculated valuation.

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### **AHP 21-26 Repairs Support (only AHP 21-26 leases)**

AHP 21-26 leases have an initial repairs support period, which is the first 10 years of the building's life. Amplius will be responsible for the external and structural repairs at no cost to the shared owner.

This includes administrative costs or costs of any excess (if a claim is made) under the terms of the Warranty (NHBC/LABC etc) or Insurance Policy.

For houses, Amplius will be responsible for the cost of essential repair works to the following:

- The load bearing framework of the house.
- The External fabric of the house.
- The service media forming part of (but not exclusively servicing) the house.
- All other structural parts of the property, including the roof, foundations, joists and external walls of the house.

For apartments, Amplius will be responsible for the cost of essential repairs works to the following:

- The load bearing framework of the building.
- The external fabric of the building (excluding those parts in the definition of the Apartment)
- All other structural parts of the property, including the roof, foundations, joists and external walls of the building.
- The service media and machinery and plant within (but not exclusively servicing) the apartment and all parts of the building which are no the responsibility of the Shared Owner under the lease.

Amplius will only be responsible where the repair is not covered by the building warranty or any other guarantee pertaining to the particular components. Any work required that is covered under a warranty/guarantee should be claimed through the policy by the policy holder.

After the 10-year anniversary date, responsibility for carrying out the structural repairs will remain with the building owner for flats and the shared owner for houses.

Where applicable, service charges will still be expected to cover the cost of applicable services, general maintenance and upkeep of the building (e.g. cleaning communal areas, communal lighting and heating, concierge lift servicing, fire equipment). Shared owners will remain 100% responsible for service charges.

Amplius will be expected to set up a sinking fund for the long-term upkeep of flats from the outset. In calculating the annual sinking fund charge, Amplius should not factor in any

external and structural repair work, expected or unexpected, within the first 10 years. Sinking fund contributions cannot be used for any works, expected or unexpected, within the first 10 years.

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### **General repairs and maintenance support (only AHP 21-26 leases)**

Shared owners will be able to claim up to a maximum of £500 in repairs and maintenance costs each year to support with the repair or replacement of (if faulty and not covered by warranty):

- installations in the flat or house for making use of the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity), pipes and drainage.
- installations in the flat or house for space heating and heating water
- Any work required that is covered under a warranty/guarantee should be claimed through the policy by the policy holder.
- Any portion of repair and maintenance costs over and above £500 will be the responsibility of the shared owner.
- A maximum of £500 worth of unused repairs expenditure can be rolled over into a following year. This will help to protect shared owners in circumstances where annual repair costs exceed £500, and they had claimed less than £500 in the previous year. The accumulated allowance should be transferred on a transfer of ownership (resale).
- Amplus will be responsible for assessing whether repairs claimed are essential and genuine. Amplus will have the right, by exception, to inspect the property if deemed necessary.
- Amplus will not be liable for repairs where there has been a breach of lease such as deliberate or avoidable damage. This includes where shared owners have failed to ensure appropriate routine servicing and maintenance arrangements (e.g. boiler servicing) where this is their responsibility under the terms of the lease.
- Amplus will not be responsible for carrying out any cyclical works inside the home (e.g. pre-planned replacement/refurbishment of kitchen/bathroom or decorations).
- Normal health and safety requirements (e.g. gas servicing, electrical testing) will remain the responsibility of the shared owner.

In delivering the scheme, Amplus will:

- Give the shared owner choice in who they can employ to carry out repairs. Shared owners will be permitted to use any Trustmark approved tradesperson.
- Introduce systems (or use existing systems) to enable shared owners to notify their landlord of work required prior to it being carried out, and again when completed.
- Explain clearly and transparently to relevant shared owners what information and/or evidence is required to submit a repair claim.
- Approve/reject a repair claim within 7 days of being notified of a completed eligible repair, provided it is supported by the required information and/or evidence. Amplus will approve/reject claims in a fair and consistent manner.
- We may choose to include a pre-approval stage at initial notification (prior to work being carried out) to help manage disputes.

- Reimburse costs within 21 days of an approved completed repair.
- Amplus has flexibility in how they wish to reimburse costs (e.g. direct to bank account, credited to a rent account).
- Where a claim has been declined, set out why in writing within 7 days from receiving supporting information of the claim, advising of the right to dispute the decisions and setting out the complaints handling process.
- Give reasonable notice of a property inspection (if required)
- Update the shared owner of their remaining allowance following an approved claim.
- In the event of an emergency repair, Amplus will employ an alternative, streamlined process to ensure repairs are not delayed and result in further damage.
- Prior to any purchase or assignment, clearly outline the Amplus policy on repairs management and how to claim repair expenditure within the first 10 years of a qualifying lease.

Shared owners will be expected to:

- Check warranties pertaining to particular components and claim through existing policies where covered.
- Appropriately maintain their home and ensure routine servicing and maintenance arrangements are in place (e.g. boiler servicing) and provide evidence of this as requested.
- Notify, and where applicable, seek agreement from Amplus prior to undertaking any work (this may involve sending pictures and description of work that needs to be done).
- Notify Amplus once work is completed and provide an invoice and any further evidence Amplus requires such as full description of works completed, any photographic evidence, relevant information about the contractor that completed the work. This must be done within 28 days of work being completed.
- Use Trustmark approved tradesperson or approved panel professionals (if provided & available) to carry out the repair.
- Provide access to the property where Amplus wishes to inspect a repair.

Policy exclusions

- Shared owners will not be able to claim expenditure for DIY repairs, or repairs done by non-professionals.
- Repairs where there has been a breach of lease such as deliberate or avoidable damage will not be claimable. This includes where shared owners have failed to ensure appropriate routine servicing and maintenance.
- Amplus will have the right, at their discretion, to reject repairs claims using any unapproved company which is not part of the Trustmark scheme (only if an approved panel has been provided).
- Repairs or replacements carried out to an improved specification will not be eligible unless unavoidable.

## **Other sales activity**

Amplius undertake other forms of sale, the policy approach is outline in this following sections.

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### **Market Sales (Including newly constructed Leasehold Schemes for the Elderly)**

Whilst there is no requirement for an application form to be completed for properties being sold through this tenure, prior to applicants reserving a property, the sales team will establish whether the applicants are in a position to proceed, this will include:

- Obtaining details of any related sale
- Being in receipt of a valid AIP (Agreement in Principal)

The reservation fee for Outright Sale plots will be £500 - £1,000.

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### **Leasehold Schemes for the Elderly**

Applicants applying to purchase an LSE property will be checked to ensure they meet the age and suitability requirements as set out within the Lease.

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### **Rent to Buy**

Successful applicants are required to pay a refundable reservation fee within 48 hours.

The reservation fee for Rent to Buy plots will be £250-£500.

For individual schemes specific incentives may be offered from time to time, which could reduce the deposit level.

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### **Advertising (Rent to Buy)**

Amplius will promote and advertise new homes for shard ownership sale, either directly or through locally based local sales agents.

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### **Asset Sales**

A number of sales transactions are carried out by Amplius's Asset Sales team. All Asset Sales will be carried out in accordance with the processes as outlined within:

- The specific legal documentation held (Lease, Tenancy Agreement/Contract)
- S106 Nomination Agreements
- The Homes England Capital Funding Guide.
- Any specific housing legislation pursuant to the sales transaction type.
- Specific policies drafted for the individual transaction types (where applicable)

Transaction types dealt with by the Asset Sales Team include (List not exhaustive):

- Shared ownership Assignments
- Staircasing (Reverse, Part or Full)
- Buy Back Agreements
- Repossessions

- Right to Buy
- Right to Acquire
- Rent to Buy
- LSE Assignments
- Remortgages
- Homebuy Redemptions
- Shared Equity Redemptions
- Voluntary Right to Buy (Pilot)
- Void Disposals
- Land Disposals
- Subletting Requests
- Keystone Sales
- Transfers

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### **Void Disposals**

The Asset Sales Team will work closely with the Asset Maximisation team in relation to properties identified for disposal.

Where homes are approved for disposal, a RICS valuation will be carried out and then the most appropriate route of sale will be determined (via an Estate Agent or via Auction).

In instances where the RIC's valuation is lower than the Assumed Market Value (AMV), a 30% tolerance can be applied. If the value is 30% lower than the AMV, this will need to be passed back to the Asset Maximisation team.

Where the value falls within the 30% tolerance, consideration must also be given to the profit to be generated and if there is risk of this generating a negative profit, again this should be passed back to the Asset Maximisation Team.

All void disposals will be monitored via a sales tracker and frequent reports will be provided to the Asset Maximisation Holding Group and at the Development and Finance Meeting.

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### **Right to Shared Ownership (RtSO)**

The Right to Shared Ownership (RtSO) applies to rented homes funded through the Affordable Homes Programme 2021 to 2026.

Customers of homes funded through the AHP 2021 to 2026 are able to buy between 10% and 75% of their home. The requirements for the RtSO are the same as for the new Shared Ownership model, including for:

- Buying further shares and staircasing to full ownership
- Paying rent
- Paying service charges and for maintenance and repairs (including the new 10-year initial repair period)

For the avoidance of doubt the Right to Shared Ownership applies to the property and not to the customer. RtSO, does not transfer with the customer if they choose to move home.

It is likely in the first instance customer will contact Amplus about the Right to Shared Ownership. Prior to beginning the full application process, Amplus will perform an initial property eligibility check to identify whether the property is in scope for the Right to Shared

**Ownership.** To assist with identifying stock with the RtSO, homes with this right can be identified through the codes.

If the property is not eligible due to being certified as exempt, the customer must be notified in writing explaining the reasoning behind this. Where possible, Amplus will look to explore other options for accessing Shared Ownership on a similar property.

The customer must also be informed of their right to dispute the decision if they would like to do so. Information on Amplus's internal disputes process should be provided. Where a dispute cannot be resolved through Amplus's own complaints procedure, the customer may wish to take their complaint to the Housing Ombudsman Service through via their existing complaints procedure.

The customer will only be able to purchase and exercise their right to shared ownership if they can demonstrate that they can afford and sustain the costs of Shared Ownership. To assess this, the usual affordability processes as outlined with the CFG will be followed.

### Exemptions

The following categories of property will be exempted from the RtSO scheme from the outset:

- Local Authority Homes
- Homes in Designated Protected Areas and rural exemption sites
- Specialist homes for older, disabled and vulnerable people
- Alms houses
- Homes where the landlord is a co-operative housing association.
- Homes where the landlord or freeholder is a Community Land Trust.

Amplus will be able to block a Right to Shared Ownership sale in cases where the cost floor is breached. A breach occurs if the current market valuation is below the total amount spent on the building or acquiring the property, including the grant invested in the property.

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### Exceptional Exemption

In certain circumstances where a sale under the Right to Shared Ownership scheme would cause practical problems; the property may qualify for an exceptional exemption. Examples of this included:

- Where there are legal impediments to a sale – e.g. where Amplus is leasing the property and does not have enough legal interest to grant an adequately long sub-lease.
- If the sale would interfere with regenerations plans of the property.
- If the property requires substantial repairs or remediation, distorting the value of the property.

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### Eligibility Criteria

Customers will be eligible for RtSO if they satisfy all the following criteria:

- Live in a property where the Right to Shared Ownership applies.



hold an un-demoted secure tenancy, an assured tenancy, or a Localism Act fixed term tenancy (assured shorthold tenancy for a fixed term of at least 2 years)

- Have lived in the current property for at least 12 months.
- Have been a customer of social or affordable housing for at least 3 years (this need not have been with the same landlord, or continuous)
- Are not in rent arrears.
- Are not subject to a court order for the possession of the property.
- Are not subject to bankruptcy proceedings or unfulfilled credit arrangements.
- Are not subject to legal proceedings e.g. a notice of seeking possession has been served.
- Are not subject to legal proceedings on the grounds of anti-social behaviour.
- Satisfy all standard eligibility criteria for the Shared Ownership scheme including income requirements (currently an annual household income of £80,000 or less or £90,000 or less in London) and not already owning a property.
- Satisfy immigration requirements.

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### **The 10-year repair and maintenance support period**

Where the RtSO is exercised by a customer of an Affordable Rent or Social Rent home delivered through the AHP 2021 to 2026 it should comply with all Shared Ownership guidance for AHP 2021 to 2026 homes. This includes the model Shared Ownership lease requirements such as fundamental clauses, the initial rent to be charged, and staircasing opportunities.

An exception to this is the starting point at which the eligibility becomes available, which will see the 10-year repair period reduced according to the age of the home, based on the date of build completion. Homes will be eligible for part of the 10-year repair and maintenance support where:

- the RtSO was exercised during the first 10 years of the home being completed.
- eligibility commences from the date that the property converts to being classified as shared ownership.
- the eligibility expires at the end of the 10 years (from when the property was completed)

In the absence of other evidence, the date of build completion of the rented home will be evidenced by the date of issue of the Building Regulations Completion Certificate or Final Certificate.

Where a RtSO home is more than 10 years old at the point of granting the Shared Ownership lease, references to the Initial Repair Period, Initial Repair Period End Date and the associated schedule / clauses should be removed from the lease to avoid confusion.

The lease for a RtSO home should use the standard Shared Ownership model lease. The only variation will be to the start date for the Initial Repair period.

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### **Equality, diversity and inclusion**

All of the Amplus shared ownership homes are open to all prospective purchasers who meet the eligibility criteria as set out within Homes England's' Capital Funding Guide. Amplus will not discriminate against any protected characteristic listed under the Equality Act 2010.

### **Additional needs (addressing vulnerabilities)**

Amplus recognises that, for various reasons, some of our customers and service users may be vulnerable. Policies therefore will take account of the recommendations made by the Housing Ombudsman and Regulatory recommendations on vulnerabilities. Amplus will take a proactive approach when making a decision relating to a customer or service user and where practicable, tailor and adapt our services to suit the needs of customers and support vulnerable people.

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### **Summary of local variations**

The section 106 (S106) and associated nomination agreement (if applicable) will be reviewed for each development and the approach will be varied accordingly to ensure we adhere to any planning conditions. Initial shares available may vary depending on the grant funding or section 106 arrangements. The shared ownership lease may also vary depending on the grant funding position, which means that some shared ownership leases will have repairs support and 1% staircasing, but others will not.

## Part 4

# Compliance and administration

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## Legal and regulatory compliance

This policy fully complies with Amplius's legal and regulatory obligations.

- Section 106, Town and Country Planning Act
- Estate Agents Act 1979
- The Estate Agents (Provision of Information) Regulations 1991
- Consumer Protection from Unfair Trading Regulations 2008
- Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013
- Consumer Rights Acts 2015
- The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (MLR 2017)
- The Property Ombudsman – Code of Practice for Residential Estate Agents
- Homes England Capital Funding Guide:
  - Shared Ownership and Affordable Homes Programme (SOAHP) 2016 – 2026
  - Shared Ownership and the Affordable Homes Programme (AHP) 2021 - 2026
- Housing (Right to Enfranchisement (Designated Protected Areas) (England) Order 2009 (Statutory Instrument 2009/2098)

This list is not exhaustive, and policy authors will undertake thorough research and/or seek professional advice to ensure that Amplius meets its obligations and complies with the current and relevant legislation and regulations.

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## Evaluation, review and performance monitoring

This policy will be reviewed on a Triennial basis to ensure that it remains fit for purpose. A policy review may also be required earlier, in response to internal or external changes for example changes in legislation. Prompt and effective action will be taken where improvements are identified.

The organisation will undertake regular internal reviews to ensure continuous improvement of service delivery and that the policy compliments the strategic objectives of the organisations business plan.

Amplius will also be subject to an annual Homes England Audit and any recommendations arising from any audit will be considered and implemented where deemed appropriate.

To ensure we meet our business plan assumptions in relation to sales, we will monitor the performance of all parties involved in the process, this will include:

- Our New Build Sales Officers and New Build Managers
- Our Asset Sales Officers and Asset Sales Managers
- Our appointed selling agents
- Our appointed legal representatives
- Our Communications Team

Any other external agencies used, such as PR Agencies, Design agencies etc.

The Sales team will maintain a report which will track sales progress on all developments. On a monthly basis, a sales forecasts reports will be completed and issued to members of the Development & Sales Team and Finance.

A report on sales will be presented at the:

- Strategic Managers Meeting - Development & Sales (Verbal Update)
- Development Finance Meeting
- Development Committee
- Keystone Board (if applicable)
- Asset Maximisation Holding Group (Stock Disposals)

These reports will include updates on:

- Performance against the Business Plan Target
- Average Void Period
- Average first tranche sale (if shared ownership)
- Mortgage Lenders and Valuations

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#### **Related policies**

- Anti-Fraud, Bribery and Corruption Policy
- Code of Conduct

Part 5

# Appendices

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**A. Associated documents – Internal procedural documents, colleague use only**

- No current associated documents.

Part 6

# Changelog

Amended date	Summary of changes	Version №