Surrender and Regrant Policy

Scope of Policy

The objective of this policy is to provide a consistent approach to the surrender and regrant process that applies to shared ownership/leasehold properties that are within Platform Housing Group's (the Group) retirement villages - The Rose Garden, Clarence Park and Meadow Court.

This policy operates within the Group's wider framework of policies and procedures relating to the management and service delivery and should be read in conjunction with the policies listed in section 8 of this document.

Applicability

The policy applies to all members of the Group.

1. Policy Statement

1.1 This policy sets out our approach to managing the surrender and regrant process for our shared owners/leaseholders that decide to sell their properties within the retirement villages. It sets up an efficient and customer focused service to the approach that we take.

1.2 This policy covers:

- Overview of the sales process
- The charges that will be covered by the Group (sales)
- Retention payments
- Service charge accounts after the property has been sold

2. Context

2.1 This policy relates to the surrender and regrant process.

2.2 **Legal Guidance**

The Landlord and Tenant Act 1985

The Landlord and Tenant Act 1985 (as amended) states that a service charge is only recoverable by a landlord provided that the costs have been reasonably incurred. It also states that it is only recoverable if works carried out for the charge are of a reasonable standard.

2.3 **Definitions**

Leasehold – a form of ownership giving the owner possession of the property for a substantial period of time clearly defined in the lease agreement.

Leaseholder – an owner who has purchased a long lease usually between 99 and 990 years.

Shared Ownership – is a form of leasehold ownership. The shared owner buys a percentage of a property and pays rent on the remaining portion, with the option to increase their share at a later date as per the terms of the lease.

Surrender - a surrender of lease is where the tenant gives up their interest in the property to the landlord.

Regrant – a regrant of a lease is where a completely new lease is granted to the new incoming customer.

Service Charges - are charges payable by the leaseholder to the landlord for the services the landlord is obliged to provide under the terms of the lease. They will usually be an amount varying from year to year depending on the costs the landlord incurs. These are usually split between leaseholders according to the lease terms.

Service Charge Deficits - a deficit for the year arises where the actual costs for the year exceed the service charges demanded. Virtually all leases will state that the deficit for the year should be collected from the leaseholders by way of a demand following the provision of the annual accounts detailing how that deficit has arisen.

Service Charge Surplus - a surplus for the year arises where the service charges demanded exceed the costs for the year. The surplus is the difference between the total income received or receivable and the total actual expenditure.

Disbursements – a range of payments made in relation to the sale of the property.

3. Aims and Objectives

3.1 This policy:

- provides our customers with a consistent approach to the sales and regrant process ensuring the Group is always clear and transparent.
- ensures that the Group is adhering to the agreed terms of the lease and always adopts good practice.

4. Policy Outline

This policy should be read alongside the Surrender and Regrant Guidance which sets out the specific steps that are followed during the surrender and regrant process.

4.1 **Sales Process (Leasehold and Shared Ownership Resales)**

For Group customers living in a retirement village who choose to sell their property, the process is to surrender the current lease, and a new lease is regranted to the new purchaser. This will generally be regranted on the same terms as the original lease, however, there may be situations where exceptions will apply.

4.2 **Property Buy Back Policy**

If a customer has had a change in their circumstances that mean they need to sell their property, they can ask the Group to purchase the property back and resell on their behalf. If a request is received refer to the Property Buy Back Policy for clarification on circumstances and criteria.

4.3 **The Group's fees in relation to the resale**

- **Administration Fee** – These fees are payable on completion. These fees include the management of the surrender of the original lease which would include but not limited to provision of full management pack and responses to solicitors' enquiries and ensuring the rent account is up to date and completion statements are provided to all parties.

- **Sinking Fund** Contribution - A sinking fund contribution is payable on surrender. The calculation method is set by the lease for each scheme. For all schemes, the contribution is calculated at 1% per full year of ownership (apportioned monthly), up to a maximum of 10 years. The value that the 1% is calculated on differs by scheme, as required by each lease:

  The Rose Garden
  The 1% is based on the current sale price (or the original purchase price, whichever is higher), in accordance with the lease terms.

  Clarence Park
  The 1% is based on the price paid by the current leaseholder at the time they purchased the property.

  Meadow Court
  The 1% is based on the price paid by the current leaseholder at the time they purchased the property.

4.4 **Calculation of Retention**

A retention figure is collected to ensure that any potential service charge deficits for the financial year during which a customer owned the property are covered. The service charge accounts are finalised in the September following the end of the financial year. This figure will be financial year specific, so may differ or not be applicable dependent on the year the property is sold.

4.5 **Service Charge Accounts following the sale of property**

Once the service charge accounts are published the former leaseholder/shared owner and/or solicitors acting on their behalf will receive a copy of the accounts.

4.6 **Charges/Legal Fees**

Responsibility for legal fees on sale and surrender is determined by the individual scheme leases.

- **Clarence Park and Meadow Court**:
  Under the lease provisions, the Group is responsible for its legal fees relating to the sale and surrender.

- **The Rose Garden**:
  In accordance with the lease terms, the outgoing leaseholder is responsible for the Group's legal fees on a sale and surrender.

4.7 **Disbursements**

The Group is responsible for covering the cost of the Land Registry and the OS1 search fee.

5. Equality and Diversity

5.1 We are committed to fairness and equality for all regardless of colour, race, ethnicity, nationality, gender, sexual orientation, marital status, disability, age, religion or belief, family circumstances or offending history, as referred to in our relevant Group policies. Our aim is to ensure that our policies and procedures do not create an unfair disadvantage for anyone, either directly or indirectly.

5.2 An equality impact assessment has been undertaken in respect of this policy and which identified no negative impact on any person/group with a protected characteristic as a result of this policy.

6. Complaints

6.1 We aim to meet the needs of our customers by providing an excellent service. However, it is acknowledged that occasionally things go wrong and customers may wish to complain. Should the need arise to make a complaint, please refer to our Complaints, Comments and Compliments Policy.

7. Monitoring and Review

7.1 The next policy review is scheduled for March 2029 and then every three years thereafter.

7.2 Approved documents are valid for use after their approval date and remain in force beyond any expiry of their review date until an updated version is available.

8. Associated Documents

8.1 List of documents - associated policies, procedures and publications:

- Service Charge Policy
- Complaints, Comments and Compliments Policy
- Leasehold and Shared Ownership Management Policy
- Property Buy Back Policy
- Surrender and Regrant Guidance
- Regulator of Social Housing – Consumer Standards:
  - Transparency, Influence and Accountability
  - Tenancy

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