



PRIMA
GROUP

Property Buy Back
Policy

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Property Buy Back Policy

Aim of the Policy

The purpose of this policy is to provide guidance to staff in relation to the options available to the Group either when shared owners get into financial difficulties in meeting their rent and mortgage repayments, or where homes have previously been purchased under the Right to Buy and are being sold on the open market after the first 10 years of purchase.

There is no right or entitlement to reverse staircasing or buy back of properties, this remains at the sole discretion of the Group.

Policy Statement

Where decisions regarding reverse staircasing or buy back are undertaken any financial exposure and risk to the Group will be limited.

In order to be considered for equity repurchase, the shared owner must currently own less than 100% of the property. The Group must be satisfied that the shared owner has explored and exhausted all other options.

The shared owner must produce satisfactory evidence (full financial disclosure) to prove their difficulty with the mortgage repayments, although they need not be in arrears.

Where a property has previously been purchased under the Right to Buy the Group has first right of refusal for the 10 years following the date of purchase, the Group may also consider buying back the property after the first 10 years.

Basis of valuation

The maximum amount payable will either be the appropriate percentage of the current open market value or the current open market value determined by an independent, qualified valuer or the district valuer. The shared owner/property owner will normally be expected to pay for the valuation and his/her own legal fees.

Rents and tenancy considerations

Where the purchaser staircases down to zero ownership, the shared ownership lease will be formally terminated, and an assured tenancy agreement entered into on the same terms as for any other new tenancy agreement for rented housing let by the Group. The rent will become a social rent, rather than one calculated in accordance with the lease agreement.

The Group will give consideration when buying back a property previously purchased under the right to buy to awarding an assured tenancy agreement to the owner who will then become a tenant. The rent will be charged in accordance with the rent setting policy.

Document Control Data

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