



Homes  
England

Date: 18 June 2021

Our Ref: RFI3479

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Making homes happen

██████████  
By Email Only

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50 Victoria Street  
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Dear ██████████

**RE: Request for Information – RFI3479**

Thank you for your recent email, which was processed under the Freedom of Information Act 2000 (FOIA). You requested the following information:

*Can I obtain a copy of the Mortgage Rescue Syndication Toolkit as published by Homes and Communities please ?*

**Response**

We can confirm that we do hold the information that you have requested. Please note that the Mortgage Rescue Scheme has ceased and can no longer be applied for. Therefore, please find enclosed Annex A which contains a copy of the Mortgage Rescue Syndication Toolkit.

However, we rely on Section 40 (2) of the FOIA to withhold some of the information from disclosure.

**Section 40 – Personal information**

We have redacted information contained within the document on the grounds that it constitutes third party personal data and therefore engages section 40(2) of the FOIA.

To disclose personal data, such as names, contact details, addresses, email addresses and personal opinions could lead to the identification of third parties and would breach one or more of the data protection principles.

Section 40 is an absolute exemption which means that we do not need to consider the public interest in disclosure. Once it is established that the information is personal data of a third party and release would breach one or more of the data protection principles, then the exemption is engaged.

The full text in the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/40>

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**Right to Appeal**

If you are not happy with the information that has been provided or the way in which your request has been handled, you may request an internal review. You can request an internal review by writing to Homes England via the details below, quoting the reference number at the top of this letter.

Email: [infogov@homesengland.gov.uk](mailto:infogov@homesengland.gov.uk)

The Information Governance Team  
Homes England – 6<sup>th</sup> Floor  
Windsor House  
50 Victoria Street  
London  
SW1H 0TL

Your request for review must be made in writing, explain why you wish to appeal, and be received within 40 working days of the date of this response. Failure to meet this criteria may lead to your request being refused.

Upon receipt, your request for review will be passed to an independent party not involved in your original request. We aim to issue a response within 20 working days.

You may also complain to the Information Commissioner's Office (ICO) however, the Information Commissioner does usually expect the internal review procedure to be exhausted in the first instance.

The Information Commissioner's details can be found via the following link <https://ico.org.uk/>

Please note that the contents of your request and this response are also subject to the Freedom of Information Act 2000. Homes England may be required to disclose your request and our response accordingly.

Yours sincerely,

**The Information Governance Team**  
For Homes England

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# **Mortgage Rescue Scheme**

## **Syndication Tool kit**

## Introduction

The Mortgage Rescue Scheme has been put in place to provide a vital support to homeowners who are struggling to maintain their mortgage payments, and to keep them in their homes where ever possible

The scheme is designed to offer two support options. The first is Government Mortgage to Rent, where a homeowner sells their home to the Registered Social Landlord (RSL), and rents it back from them at an intermediate rent. The second is the shared equity option, where a RSL will offer the household an equity loan in order to reduce their monthly payments.

This guide explains the procedures that RSL providers should use when managing Mortgage Rescue cases through Syndication. It contains:

- Process maps, which outline how the process should work from start to finish
- A set of standard documents for providers to use in Mortgage Rescue cases and,
- A collection of useful information and helpful tips to ensure your organisation is able to deliver the Mortgage Rescue Scheme.

## Acknowledgments

The HCA would like to acknowledge the contribution made by a number of RSL providers and delivery partners in producing this document. From those who have attended the workshops, to those who have contributed to the writing of this document. In particular we thank **s. 40(2)** who were instrumental working to pull this final toolkit together.

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## **SECTION 1: GLOSSARY OF TERMS**

<b>Asset Management Survey</b>	Commissioned for the express purpose of understanding the current condition of the property and the works required to bring it up to Decent Homes Standard (DHS)
<b>Affordable Housing Capital Funding Guide</b>	The Affordable Housing Capital Grant Funding Guide – Mortgage Rescue which contains the rules and procedures for RSLs to access grant for Mortgage Rescue through the HCA
<b>Fast Track Team</b>	CLG Team based in Birmingham set up to manage MRS referrals direct from lenders. Cases are handed over to Syndication Agents at the point that the asset management survey is required
<b>“Haircut” or Home Owners Equity Contribution</b>	This is set at 3% and represents the current owner’s figurative equity contribution to the rescue. This means that for Government Mortgage to Rent the property is acquired at 97% of the market value. For shared equity the purchase price of the equity is 97% of the value of the share (eg 97% of the cost of 50% share of the property)
<b>Government Mortgage to Rent</b>	Ownership of the property transfers from the household to the syndicated RSL. The household becomes a tenant of the RSL
<b>IFA</b>	Independent Financial Advisor who will provide objective advice to the household on whether to proceed with the rescue
<b>IMS</b>	The HCA’s Investment Management System on which all MRS properties must be entered in order to access grant for acquisition and repair costs, and the administration fee

<b>Mortgage Rescue Champion</b>	Contact person appointed by major lenders to deal with all referrals from Syndication Agents. A list of the names & contact details of all such champions is maintained by the CLG and will be made available for all Syndicated RSL. Local authorities have also appointed MRS champions.
<b>Mortgage Rescue Scheme</b>	A Government initiative to prevent repossessions and avoid homelessness. It was launched in January 2009 with funding available to March 2011. It attracts grants administered by the HCA to support RSLs to acquire and repair rescued properties. It is expected that households will enter mortgage rescue after all alternative avenues to avoid repossession have been explored by the LA/Fast Track Team (prior to referral for mortgage rescue)
<b>Property Price Cap</b>	The predetermined maximum open market value for properties to be eligible for MRS. These vary across the country and can be varied by negotiation with the HCA
<b>Shared Equity</b>	Ownership of the property remains with the household; the syndicated RSL purchases a share in the property (and puts a charge on the property), in return for which a monthly fee is payable
<b>Syndication Agent</b>	RSL who leads the promotion and management of MRS within a defined geographical area. This requires the Agent to undertake the processing and administration from referral to completion of all MRS cases. The Agent acts on behalf of all parties to achieve completion – principally the household, LA, syndicated RSL, & HCA
<b>Syndicated RSL</b>	Partner RSL within a Mortgage Rescue Syndicate, who has agreed to acquire a

number of properties or invest an amount  
of money in an agreed location



## **SECTION 2: MORTGAGE RESCUE BRIEFING NOTE**

### **PRINCIPLES, SYNDICATION, OPERATIONAL ARRANGEMENTS & CONSIDERATIONS FOR PARTICIPATING RSLs**

#### **1. Principles of the Government's Mortgage Rescue Scheme (MRS)**

- The scheme is only available to families and people who are vulnerable, at risk, or elderly (or those households Local Authorities would have a duty to house under homelessness legislation)
- There are two routes for access. The first of these is via Local Authorities, and the second is via the Communities and Local Government (CLG) Fast Track Team, both of whom undertake the initial assessment of eligibility of households for the scheme prior to referring them to participating RSLs
- There are two options: Shared Equity or Government Mortgage to Rent (GMtR), although the former has been used less frequently as households accessing the Mortgage Rescue Scheme do so once all other options are exhausted. (see Appendix 1)
- 65% grant is provided to purchase the properties under the GMtR option; and 73% grant towards the cost of the Equity Loan for the equity share option
- There is also a grant of 65% towards the cost of repairs for GMtR properties to bring them up to Decent Homes Standards
- Grant rates are subject to review and participating RSLs will be informed of any changes in the grant rate in due course
- The RSL also receives a 3% "haircut" on GMtR properties which is the applicant's commitment to the scheme (in lieu of equity) net of the vendor's solicitor's fee
- From May 09, the Scheme has been available to applicants who have up to 120% negative equity (and on a case by case basis more depending on what can be negotiated with lenders)
- There is an administration fee of £4.5k payable for completed cases to the RSL undertaking the process and administration work prior to offer (usually the MRS Agent leading a Syndicate).

The Scheme relies on close partnership working between CLG, Homes and Communities Agency (HCA), Local Authorities (LAs), Registered Social Landlords (RSLs), money advice agencies and lenders, supporting the household to achieve a successful outcome.

#### **2. Purpose of MRS**

MRS is a key element of the government's commitment to prevent repossessions and avoid homelessness. It is an option available to eligible households in financial difficulties when all other alternative avenues to avoid repossession have been explored. A key issue to remember is that – whilst this is a key government policy – it is also about enabling people to stay in their homes. Behind the

statistics are vulnerable households at risk of losing their homes. It is therefore the right thing to do, and it fits with the housing sector's wider social purpose objectives, and commitment to supporting community stability and sustainability.

In addition, the costs of homelessness to the individual, on society, as well as the public purse, cannot be ignored – MRS and other preventative measures offer a real opportunity to mitigate this.

### **3. Benefits of GMtR for RSLs**

- RSLs purchase GMtR properties using its own resources or borrowing to cover 35% of 97% (100% minus the "haircut" of 3%) of the prevailing market value, established by a Home Buyers Survey undertaken by a Royal Institute of Chartered Surveyors (RICS) accredited surveyor
- The property is brought up to Decent Homes Standard (DHS) as part of the process - this requires an investment by the owning RSL of 35% of the actual repair costs (these are variable depending on the condition of the property at the point of GMtR, examples of completed cases can be found in the Orbit Group Financial Appraisal Model)
- Rent is set on an Intermediate Market Rent basis – ie up to a maximum of 80% of the prevailing local market rent – using an Assured Shorthold Tenancy
- There is a tenant in situ and it is likely that some households will need additional support, such as ongoing access to money advice, to sustain their tenancy
- The tenant is guaranteed an initial 3 years in the property on the AST (however if the RSL would prefer to issue an Assured tenancy at this stage this is acceptable) but is able to stay in the property in perpetuity as long as they continue to pay their rent (usual rules apply regarding the management of rent arrears). At the end of the 3 yrs, the RSL can decide whether to maintain the Assured Shorthold Tenancy or switch to an Assured Tenancy, on which they would be able to continue to charge an intermediate market rent.
- If at some point in the future the household decides to move out of the property, the RSL is able to sell the property on the open market if this fits their property portfolio management strategy, retaining the grant as RCGF for investment in other business activities (within the rules of the grant regime and the prevailing RCGF framework).

### **4. Issues for RSLs to consider before committing to MRS**

Decisions that each RSL needs to make prior to signing up to MRS at a strategic and operational level include:

- The level of investment they are prepared to put into MRS – typically expressed as £ and/or number of rescues

- Which areas they are prepared to take ownership of MRS properties – typically most RSLs support MRS in areas where they already have an existing property portfolio, however this may not be the only consideration
- What Board approvals are required to proceed with MRS – for instance commitment to the scheme at a strategic level or on a case-by-case basis (the former is strongly encouraged to minimise blockages to delivery)
- Ensuring relevant staff (typically asset management and housing staff) are able to respond promptly to and support referrals when they arise
- How will the properties be managed and the tenancy supported once ownership has transferred
- How will the property attributes be incorporated onto IT systems etc.

## 5. Managing the MRS Service

Currently there are three routes to MRS:

- i. **Syndication** where one Syndication agent acts as the MRS Agent, taking responsibility for the scheme in a geographical area. The role requires the Syndication agent to provide a one-stop-shop service to manage cases from point of referral from LAs or CLG Fast Track Team to completion, managing all relationships/negotiating with households, lenders and syndicated RSLs. The syndication Agent receives the allowance payment of £4,500 per completion.
- ii. **CLG Fast Track Team** who accept referrals direct from lenders and/or LAs, and manage the case to point of onward referral to MRS Syndication Agents at asset management stage.
- iii. Independent RSLs accepting referrals direct from LAs, although the HCA's preferred model is Syndication.

This Toolkit encompasses standard documentation as well as guidance and advice on operating MRS whether as a Syndication Agent or syndicated RSL. Included in the Toolkit are examples of MRS Financial Appraisal Models which demonstrate that MRS stacks up financially, plus process maps and key documents to support the smooth implementation of MRS.

## 6. MRS Syndication Process

### i. MRS Syndication

The purpose of Syndication is to provide a one-stop-shop service for the household and all interested parties. This has a number of advantages: an otherwise stressful situation is managed as sensitively and carefully as possible for the household; it achieves economies of scale (no need for all RSLs to replicate MRS arrangements); and, it achieves efficiencies in the process (as time

is of the essence) providing one clear point of contact for all cases and the development of expertise which is essential for MRS to be successful.

MRS also critically relies on the development of effective and sustainable relationships with key players for success – notably between the Mortgage Rescue Fast Track team, LAs, lenders and RSLs - to reduce bureaucracy and achieve pragmatic and sustainable solutions. Syndication makes this possible.

An MRS Syndication Service Level Agreement (SLA) has been developed for use between the Syndication Agent and syndicated RSLs. The purpose of this is to ensure all parties are clear about how MRS Syndication operates, who is responsible for each part of the process, what they can expect from the Syndication Agent in managing a case to completion, and establish authority for the Agent to proceed on their behalf. RSLs sign the SLA as part of joining the Syndicate.

## ***ii. Role of MRS Syndication Agent***

The MRS Syndication Agent will:

- Manage each case from referral to completion (see process below).
- Establish the area(s) in which each member of the Syndicate wishes to take ownership of MRS properties, and ensure only properties within these areas are referred on and to act to ensure that there is equality of access across the entire geographic area and that no area is excluded from the scheme.
- Maintain regular communication throughout the management of each case with both the LA & the receiving RSL.
- Develop one point of contact with each syndicated RSL to make arrangements for the various actions during the process (eg asset survey to determine DHS works).
- Maintain and manage the whole MRS caseload within the Syndication area and complete the HCA's MRS monitoring requirements.
- Make IMS bids for grant on behalf of RSLs where necessary.

## ***iii Outline MRS Process***

The MRS process is described in detail in the MRS Toolkit process map.

On receipt of a referral of a case from the LA, the MRS Syndication Agent, will:

- Undertake final eligibility assessment before progressing the case
- Inform the relevant syndicated RSL of the property

- Check land title (if not already undertaken by LA) & commission a RICS Home Buyers survey of the property (assuming proper title is established) to determine the value
- Use the valuation figures to assess the household's options and whether MRS is possible. Some cases may not proceed at this stage
- If the case is proceeding, make an offer to the household based on the value of the property, their financial circumstances, and the best option for them
- If the offer is accepted, the relevant syndicated RSL is provided with details of the property & a joint visit to the property is arranged (Syndication Agent & RSL's Asset Management Team) to introduce the RSL, ensure the household understands MRS process/deal with any questions, assess the property's condition re: DHS and identify any work required (work is not commissioned until completion and requires authorisation from the household to proceed)
- Co-ordinate and manage all the legal work with solicitor throughout the case (either the Syndication Agent's preferred partner or the syndicated RSL's own solicitor)
- The syndication agent may want to carry out a joint visit to meet with the household to ensure the MRS process has worked, explain the Tenancy Agreement & ensure they understand the requirements of them as a tenant, and obtain either Direct Debit form or Housing Benefit application to pay the rent (usually joint visit with Housing Management). If the syndication agent does not attend these meetings, it is important that they satisfy themselves that the meeting has happened.
- On completion, send the completion statement to the syndicated RSL to forward funds to vendor's solicitor and for the RSL to manage the legal matters relating to transfer of ownership including commissioning of agreed repairs
- Manage the IMS bidding process on behalf of the syndicated RSL if required.

### ***iii Role of Syndicated RSLs***

RSLs need to:

- Provide a point of contact for the Syndication Agent to liaise with
- Be able to undertake Housing Management inspections of properties to assess the condition/agree works required
- Ensure they have the necessary legal/practical operational arrangements in place to take ownership and management of the properties once handed over.

## **SECTION 3:           SETTING UP A MORTGAGE RESCUE SYNDICATE**

### **What is a Syndicate?**

In simple terms, Syndication is where one RSL acts as the Mortgage Rescue Scheme (MRS) Syndication Agent, taking the lead in a defined geographical area. The role requires the Syndication agent to provide a one-stop-shop service to manage cases from point of referral from LAs or CLG Fast Track Team to completion, managing all relationships/negotiating with households, lenders and syndicated RSLs.

The MRS Briefing Note (Section 3) provides an overview of Syndication.

### **Purpose**

The purpose of MRS Syndication is to provide a one-stop-shop service for the household and all interested parties. This provides one clear point of contact for all cases, as well as developing a centre of expertise and achieving economies of scale.

### **Considerations for Syndication agents**

Before developing a Syndicate, the organisation needs to agree the geographical location and numbers of properties it is prepared to purchase, as well as the investment it is prepared to make in supporting MRS.

There are a number of (manageable) risks which a Syndication Agent needs to understand before developing their local Syndicate:

- An administration fee of £4,500, is paid by the HCA for completed cases; there is no payment for abortive work on cases which don't proceed to completion (the fee is considered sufficient to cover these costs)
- The Syndication agent will need to set up a team (size dependent on caseload) to manage the MRS process – this is at risk as it is in advance of receiving the administration fee
- A partner RSL may decide to withdraw from a case during the process – there is no legal/contractual requirement that can be brought to bear on RSLs to force them to acquire MRS properties (see MRS Syndication SLA) (Note the HCA takes a keen interest in reasons for rejection)
- An outcome of Syndication is that it is probable the Syndication agent will acquire properties outside its own area of operation because a partner RSL has not been identified and it is unfair to stop the MRS process for the household. These properties can subsequently be disposed of once a partner RSL has been identified using the Tenant Services Authority's (TSA) s.9 disposal process.

## **Administration Fee**

The Administration Fee is intended to cover the costs of the following activities required to complete the acquisition of each property:

1. Administrative costs associated with managing the Syndication service.
2. Solicitors' fees in respect of purchase of the Property (including all disbursements).
3. Vendors' solicitors' fees.
4. RICS Home Buyers Survey fee.
5. An IFA fee, if appropriate.

## **MRS Syndication SLA**

A MRS Syndication Service Level Agreement (Appendix 1) has been developed for use between the Syndication Agent and syndicated RSLs. This is based on good practice and can either be used or adapted by Syndication Agents as required. The purpose of SLA is to ensure all parties are clear about how MRS Syndication operates, who is responsible for what elements of the process, and what syndicated RSLs can expect from the Syndication Agent in managing a case to completion. It also establishes authority for the Agent to proceed on syndicated RSLs' behalf. RSLs sign the SLA as part of joining the Syndicate; however it is not a legally-binding contract.

## **Key Precursors to Setting up a Syndicate**

- **Obtain Board approval for involvement in MRS-** This will include a confirmation of financial commitment and of internal processes needed to provide an effective Mortgage Rescue service.
- **Understand the internal approvals required for property purchase** – for both Syndication Agent and syndicated RSLs and agree process to support any on-going formal requirements
- **LAs Housing Options Team** – Syndication Agent to proactively contact & develop relationship with one contact person in each LA Housing Options Team relevant to Syndication area
- **CLG Fast Track Team** – as with LA Housing Option Teams, ensure effective relationships developed at the outset – for referrals and for additional support which the Fast Track Team offer Syndication Agents such as progress chasing outstanding decisions

- **Develop necessary processes and procedures** – the MRS Toolkit should provide guidance on what is required for Syndication Agents to set up the service:
  - Process Workflows
  - Examples of standard documentation – SLA, letters etc that can be used and adapted
  - Guidance Notes to support all aspects of the process, including HCA monitoring requirements
  
- **For each Syndicated RSL ensure clarity about:**
  - Geographical areas, plus numbers of properties and/or a financial cap
  - Point of contact for the Syndication Agent to liaise with
  - Arrangements to undertake asset management surveys of properties & other joint visits
  - Necessary legal/practical operational arrangements in place to take ownership and management of the properties once acquired
  - Agree any progress reporting/monitoring requirements required for internal purposes.

The Toolkit contains examples of Financial Appraisal Models that can be used by all parties to test out the financial viability of Mortgage Rescue generally and for specific cases as they arise [Appendix 2].

- **Set up internal monitoring arrangements** - for each case, progress reports for syndicated RSLs & regular HCA monitoring returns (see next page)
  
- **IFAs/solicitors** – develop panels of solicitors & IFAs who understand MRS and have a track record in providing good quality advice for households. Such companies can be recommended to households to use as this speeds up the process, however it is not obligatory that they use them.
  
- **Promotion** – Syndication Agents have an important role to play in raising the profile of and the promotion of MRS whether locally or nationally. Consideration should be given to what specific activities the Agent can undertake to keep MRS at the forefront of activities.



## **GOOD PRACTICE GUIDELINES-Completing the HCA monitoring return**

Lead providers are asked to submit details of progress on a weekly basis of individual cases using a standard monitoring return. The information on the form should be up to the end of Friday and the deadline for submitting this data is lunchtime on the following Tuesday. These returns should be sent to the central HCA s. 40(2) team copied to the relevant regional leads.

In order to ensure that this data is in a consistent format the form is protected and most fields are populated from drop down lists, including dates. Providers are asked to use this form rather than their own versions to ensure that the data can be easily processed when received by the HCA.

The comments field is key to enabling the HCA to interpret the data that is provided and must be completed where there have been delays, especially where these delays have an impact on achieving the expected processing times.

Only short comments are required to highlight problems that have occurred. Problems that you may wish to highlight are:

- Quality of referral information
- Difficulties with lender negotiations
- Problems with the repair of the building
- Leasehold issues
- Problems relating to the householders circumstances

Please also date the latest comment.

Positive comments are also useful especially if they highlight good practice and provide information that can benefit the wider group.

The information on areas of assistance required will help the HCA look at other support that might be provided. It is expected that much of this support will be provided by the Fast Track Team and providers should contact the Fast Track Team directly where their support is required.

Any queries on the form should be directed to the s. 40(2) from the HCA central team.

## **GOOD PRACTICE GUIDANCE- Dealing with Lenders**

Negotiation with lenders is a key part of the mortgage rescue process, and is often seen as an area where specialised knowledge or expertise is required.

Many RSLs employ staff who are experienced in this area of work, and members of CLG's Fast track team are experienced negotiators. RSLs are encouraged to request assistance or guidance from the Fast track team if required.

The following points are provided here as starting points for negotiating with and building good relationships with lenders and have been compiled by a lender organisation.

- Consent from the household to discuss the account with your organisation should be sent to the Lender in the first instance. This will allow the Lender to engage with you without delay and answer your questions.
- Make sure that the Lender has all the paperwork. The lender should have the customer's income & expenditure form and their application form.
- Give the Lender all the information you have. This should include the valuation and your offer in writing, especially if you are asking them to consider accepting a shortfall offer.
- Lenders are under no obligation to waive their early redemption charge under the terms of the Mortgage Rescue Scheme. It may be possible to negotiate a reduction in this figure, if it is necessary to allow the rescue to complete.

The scheme has been developed in consultation with the lending industry, and the Council of Mortgage Lenders (CML), the representative body of the mortgage lending industry. Therefore you will find most lenders are aware and fully engaged in the process. However if you find a lender who is reticent about pursuing a case or agreeing a shortfall you may wish to use the following in order to highlight the benefits that mortgage rescue offers them.

Here is a list of some arguments or facts which may influence them.

- Very unlikely to achieve 97% OMV under a distressed sale scenario.
- They have a guaranteed buyer and therefore do not have to wait to receive any funds. Mortgage Rescue should achieve a sale at least 3 months earlier than repossession and subsequent sale.
- Further delays and repossession will increase bailiff fees, sols fees, and asset management fees etc which are unlikely to be recovered.
- Evidence of lender seeking to only take possession as a last resort, which will act as evidence that the lender is adhering to the Mortgage Pre Action Protocol.

- Eliminates need for properties going to auction- avoiding fees.

## APPENDIX ONE: EXAMPLE SERVICE LEVEL AGREEMENT

### [NAME OF RSL] SERVICE LEVEL AGREEMENT RELATING TO SYNDICATED ADMINISTRATION SERVICES

#### BACKGROUND

- (A) **[NAME OF RSL] Group Limited** is a charitable industrial and provident society registered under the Industrial and Provident Societies Act 1965 with registered number [INSERT NUMBER] and registered under the Housing Act 1996 as a Registered Social Landlord with the Tenant Services Authority with registered number [INSERT NUMBER] whose registered office is [INSERT ADDRESS] (**'[NAME OF RSL]'**).
- (B) **[NAME OF RSL]** is a charitable industrial and provident society registered under the Industrial and Provident Societies Act 1965 with registered number [INSERT NUMBER] and registered under the Housing Act 1996 as a Registered Social Landlord with the Tenant Services Authority with registered number [INSERT NUMBER] whose registered office is situated at [INSERT ADDRESS] (**'Mortgage Rescue Syndicated RSL or 'MRSR'**).
- (C) [NAME OF RSL] will provide syndicated administration services to mortgage rescuees and the MRSR to enable the MRSR to participate in the Government's Mortgage Rescue Scheme (MRS), using the Mortgage to Rent product.
- (D) The MRSR agrees to the terms of this SLA to receive the Syndication Service from [NAME OF RSL] subject to and in accordance with the terms set out below and the requirements of the Government's MRS, and to take ownership of acquired properties within the MRSR's agreed territory.

#### TERMS

##### 1. INTERPRETATION

- 1.1 The definitions and rules of interpretation in this SLA are set out in Annex 1.

##### 2. COMMENCEMENT AND DURATION

- 2.1 In consideration for the Fees received from the HCA, [NAME OF RSL] shall assist the MRSR in the Acquisition Process to the MRSR in accordance with the terms of this SLA.
- 2.2 [NAME OF RSL] shall provide the Syndication Service to the MRSR from the date of this SLA.
- 2.3 Subject to the provisions of this Clause 2, the Syndication Service supplied under this SLA shall continue to be supplied until the later of:
- 2.3.1 the date of Completion of the final property in the MRSR's Territory; or

2.3.2 the end of the period during which the Grant Funding is available (“Termination Date”).

2.4 This SLA shall continue in force from the date of signature until the Termination Date unless this SLA is terminated sooner in accordance with Clause **Error! Reference source not found.**

### 3. **ACQUISITION PROCESS**

The Acquisition Workflow (Annex 2) summarises the process required to acquire individual properties under the MRS. Clauses 4 & 5 and Annex 2 describe in more detail the respective responsibilities of each partner to the Acquisition Process to ensure a successful outcome for the Mortgage Rescuer.

### 4. **[NAME OF RSL]'S ROLE**

4.1 [NAME OF RSL] aims to ensure that the Acquisition Process complies with the requirements of the MRS and the HCA’s requirements regarding the grant funding of the MRS and monitoring and evaluating the success of MRS. In providing these services, [NAME OF RSL] will follow good practice guidance, and ensure that its Syndication Service is reviewed regularly to update them in accordance with such requirements.

4.2 [NAME OF RSL] shall use its reasonable endeavours to provide the Syndication Service in accordance with the provisions of this Clause **Error! Reference source not found.** and the provisions specified as [NAME OF RSL]’s commitments in Annex 2 and/or Annex 3 in all material respects.

4.3 [NAME OF RSL] shall use its reasonable endeavours to meet any Acquisition Milestones specified in Annexes 2 and 3, but any such dates shall be estimates only and time for performance by [NAME OF RSL] shall not be of the essence of this SLA.

4.4 [NAME OF RSL] will undertake all necessary correspondence, discussions and negotiations with all parties involved in the Syndication Service (including but not exclusively local authorities, the rescues, HCA, CLG, lenders, and other interested parties) for which [NAME OF RSL] is responsible under this SLA, which are required to secure a successful outcome for the Mortgage Rescuer and the MRSR.

4.5 [NAME OF RSL] will ensure it communicates regularly and proactively throughout the Acquisition Process with the MRSR.

4.6 [NAME OF RSL]’s Head of Mortgage Rescue will have authority to provide the Syndication Service and to acquire any qualifying property on behalf of the MRSR.

### 5. **MRSR'S COMMITMENTS**

5.1 MRSR shall:

- 5.1.1 co-operate with [NAME OF RSL] in all matters relating to the Syndication Service and shall appoint an appropriate person to act as the MRSR's Manager in relation to the Syndication Service, who shall have the authority contractually to bind the MRSR on matters relating to the Syndication Service and the acquisition of individual properties;
- 5.1.2 take ownership of agreed properties at the Completion of the Acquisition Process within the MRSR's agreed Territory;
- 5.1.3 provide, within agreed timescales, such information as [NAME OF RSL] may reasonably require, and ensure that it is accurate and up to date in all material respects;
- 5.1.4 obtain and maintain all necessary licences and consents and comply with all relevant legislation in relation to the MRSR obligations as set out in this Clause **Error! Reference source not found.**;
- 5.1.5 submit bids for Mortgage Rescue Grant for each acquired property onto IMS in accordance with the HCA's requirements, unless otherwise agreed in writing between the parties; and
- 5.1.6 comply with all MRSR obligations and MRSR and [NAME OF RSL] joint obligations as may be set out in Annexes 2 & 3 from time to time.

## 6. **ASSET MANAGEMENT**

- 6.1 Unless otherwise specified, the MRSR will undertake the Asset Management Survey in respect of all properties which it purchases under the Mortgage Rescue Scheme to determine the repair works required to bring each individual property up to DHS.
- 6.2 The parties may decide, in exceptional circumstances, that [NAME OF RSL] shall, in addition to the Syndication Service, also provide an Asset Management service for the MRSR. Any specific details relating to the Asset Management Service to be provided by [NAME OF RSL] on behalf of the MRSR under this Clause **Error! Reference source not found.** shall be set out in a separate letter of agreement between the parties.
- 6.3 In very exceptional circumstances, the MRSR may refuse to proceed with the acquisition of an individual property if, after completing the Asset Management Survey, it is determined that the required repair works are at such a high cost or the property has such severe structural issues it is economically unviable to proceed. If this situation arises, the MRSR will discuss their concerns initially with [NAME OF RSL] and if by mutual agreement it is agreed not to proceed, the MRSR will write to [NAME OF RSL] to confirm this decision. [NAME OF RSL] will consequently halt the Acquisition Process, and write to inform the Mortgage Rescuee and the HCA of the decision.

6.4 The MRSR acknowledges that the grant payable for the acquisition of the property and repairs required to bring the property up to DHS will be at the prevailing rate of the grant set by the Government for the MRS, and that the acquisition price for the property will generally be at or lower than the price cap set by the HCA for geographical area within which the individual properties are located.

## 7. **MUTUAL COOPERATION**

7.1 [NAME OF RSL] and the MRSR shall comply with their respective obligations and undertakings as contained in Annex 2 (Services). The Parties agree to work in mutual co-operation and good faith to fulfil their agreed roles and responsibilities.

## 8. **LEGAL & CONVEYANCING MATTERS**

8.1 [NAME OF RSL] has appointed Wright Hassall to be its appointed representative and legal adviser in all legal matters connected with the fulfilment of the Syndication Service to be provided by [NAME OF RSL] under this SLA.

8.2 [NAME OF RSL] contemplate that there may be two circumstances in which the MRSR may wish to have the benefit of Wright Hassall's warranties and indemnities in respect of the legal services provided. Either:

8.2.1 Wright Hassall is instructed by [NAME OF RSL] and [NAME OF RSL] will purchase the property from the Mortgage , and subsequently transfer the title to MRSR. In this circumstance, [NAME OF RSL] will have the benefit of Wright Hassall's warranties and indemnities in connection with the provision of legal services relating to the transfer of the property. If the MRSR wishes to have the benefit of such warranties (relating, in particular, to any report on title), the MRSR acknowledges and agrees that Wright Hassall shall be entitled to charge in the region of £150 - £300 plus VAT (to be negotiated separately between Wright Hassall and the MRSR) in order to re-state a certificate of title or report on title to the MRSR; or

8.2.2 Wright Hassall is instructed directly by the MRSR and, as such, the MRSR will have the benefit of Wright Hassall's warranties and indemnities in connection with the provision of its legal services to the MRSR in accordance with Wright Hassall's standard terms of business. The fee for this service will limited to £350 plus VAT (inclusive of all disbursements per transaction).

8.3 Nothing in this Clause shall operate to require the MRSR to agree to the use of Wright Hassall to act as the legal adviser / conveyancer in connection with the purchase of properties under the MRS. If the MRSR does choose to use alternative legal advisers / conveyancers, then:

8.3.1 the MRSR shall be responsible for managing the instructions given to its chosen legal advisors / conveyancers; and

- 8.3.2 in accordance with Clause 9, the MRSR shall be entitled either:
- (a) to recover the fees for the legal / conveyancing services out of the Fee (as part of the MR Grant) up to a limit of £400 + VAT per transaction (inclusive of all disbursements per transaction); or
  - (b) if [NAME OF RSL] claims the MR Grant on behalf of the MRSR, to recover the fee for this work from [NAME OF RSL] up to a limit of £400 plus VAT per transaction (and inclusive of all disbursements per transaction).

## 9. ACQUISITION COMPLETION AND MORTGAGE RESCUE GRANT

- 9.1 On receipt of notification of Completion of the Acquisition Process, the MRSR will make a claim for MR Grant on IMS in accordance with the HCA's requirements. The claim will be in respect of the grant for the acquisition of the property, the repair works and the Fee for managing the Syndication Service (the latter being made on behalf of [NAME OF RSL]).
- 9.2 For each acquired property, upon receipt of the individual Completion statement from [NAME OF RSL], the MRSR shall promptly transfer to the [NAME OF RSL] Designated Account in full and in cleared funds the administration Fee.
- 9.3 Such Completion statement may include:
- 9.3.1 The purchase price of the property, which the MRSR may reclaim from the IMS grant at the prevailing rate following Completion;
  - 9.3.2 The cost of the works to bring the property up to DHS; and
  - 9.3.3 The administration Fee payable to [NAME OF RSL].
- 9.4 All outstanding sums payable to [NAME OF RSL] under this SLA shall become due immediately on its termination, despite any other provision. This Clause 9 is without prejudice to any right to claim for interest under the law, or any such right under this SLA.

## 10. MONITORING, REVIEW AND CONTINUOUS IMPROVEMENT

- 10.1 The performance of this SLA will be reviewed periodically by both parties to ensure it is satisfactorily supporting the MRS and the HCA's objectives in delivering MR, and that both parties are meeting their responsibilities under this SLA.
- 10.2 The parties shall at all times co-operate fully with and assist each other to review, improve and refine the Syndication Service to ensure Mortgage s are supported to avoid homelessness.
- 10.3 Both parties will agree any changes or improvements in the process which need to be introduced to ensure that these objectives are achieved and/or to reflect best practice.



11. **CONFIDENTIALITY AND [NAME OF RSL]'S PROPERTY**

11.1 The MRSR shall keep in strict confidence all information of a confidential nature which has been disclosed to MRSR by [NAME OF RSL], its employees, agents, consultants or subcontractors and any other confidential information concerning [NAME OF RSL]'s business or its processes which MRSR may obtain.

11.2 MRSR may disclose such information:

11.2.1 to its employees, officers, representatives, advisers, agents or subcontractors who need to know such information for the purposes of carrying out MRSR's obligations under this SLA; and

11.2.2 as may be required by law, court order or any governmental or regulatory authority.

11.3 MRSR shall ensure that its employees, officers, representatives, advisers, agents or subcontractors to whom it discloses such information comply with this Clause **Error! Reference source not found.**

11.4 MRSR shall not use any such information for any purpose other than to perform its obligations under this SLA.

12. **LIMITATION OF LIABILITY**

12.1 It is not contemplated that the Syndication Service offered by [NAME OF RSL] will cause [NAME OF RSL] to incur any liability to the MRSR nor is the MRSR likely to incur any liability to [NAME OF RSL] in connection with this SLA. Notwithstanding, the parties consider it prudent to clarify the scope of their liability towards one another.

12.2 All warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded from this SLA.

12.3 Nothing in this SLA limits or excludes the liability of either party:

12.3.1 for death or personal injury resulting from negligence; or

12.3.2 for any damage or liability incurred as a result of fraud or fraudulent misrepresentation .

12.4 Subject to Clauses **Error! Reference source not found.**, **Error! Reference source not found.** and **Error! Reference source not found.** neither party shall be liable to the other for loss of profits; loss of business; depletion of goodwill and/or similar losses; loss of anticipated savings; loss of goods; loss of contract; loss of use; loss of corruption of data or information; or any special, indirect, consequential or pure economic loss, costs, damages, charges or expenses.

12.5 In respect of all other losses, each party's liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise arising in connection with the performance or contemplated performance of this SLA shall be limited to £750 per claim or series of connected claims.

### 13. **DATA PROTECTION**

13.1 Each party hereby acknowledges and agrees that it shall:

13.1.1 at all times comply with the provisions of the Data Protection Act 1998; and

13.1.2 to the extent that either party is deemed to be a Data Processor in respect of the Personal Data in respect of which the other party is the Data Controller (as such capitalised terms are defined in the Data Protection Act 1998):

- (a) not do an act or thing, or omit to do any act or thing, which would have as its object or effect, to cause the other party to be in breach of its obligations under the Data Protection Act 1998;
- (b) act upon the reasonable instructions of the other party in relation to all processing of personal data;
- (c) implement and maintain security measures which meet or exceed the requirements set out in the Seventh Data Protection Principle under the Data Protection Act 1998.

### 14. **TERMINATION**

14.1 This SLA will terminate either:

14.1.1 when the MRS ceases; or

14.1.2 when the MRSR has either reached the number or financial limits of its commitment to MRS; or

14.1.3 [NAME OF RSL] decides to cease providing the Syndication Service.

14.2 Where [NAME OF RSL] makes the decision to cease providing the Syndication Service, [NAME OF RSL] will provide the MRSR with one month's notice of this decision in writing.

14.3 Without prejudice to any other rights or remedies which the parties may have, either party may terminate this SLA forthwith if the other party commits a material breach of any of the material terms of this SLA and (if such a breach is remediable) fails to remedy that breach within 30 days of that party being notified in writing of the breach.

14.4 On termination of this SLA for any reason:

- 14.4.1 [NAME OF RSL] will continue to provide the Syndication Service in respect of such property which is the subject of conveyancing proceedings or otherwise subject to the Syndication Service of [NAME OF RSL] in accordance with the terms of this SLA where possible. Where this is impractical to achieve, the parties will agree what outstanding actions will be completed and the timescales for these, which may include, but not necessarily, the completion of the Acquisition Process. In any case, effective handover arrangements will be put in place to ensure any potential Mortgage Rescuee is not detrimentally affected by such a decision ; and
- 14.4.2 the accrued rights and liabilities of the parties as at termination and the continuation of any provision expressly stated to survive or implicitly surviving termination, shall not be affected.
- 14.5 On termination of this SLA (however arising) the following clauses shall survive and continue in full force and effect:
- 14.5.1 Clause **Error! Reference source not found.** (Confidentiality and [NAME OF RSL]'s Property);
- 14.5.2 Clause **Error! Reference source not found.** (Limitation of Liability);
- 14.5.3 Clause **Error! Reference source not found.** (Data Protection);
- 14.5.4 Clause **Error! Reference source not found.** (Termination); and
- 14.5.5 Clause **Error! Reference source not found.** (Entire Agreement).
- 14.6 On termination of this SLA for any reason, MRSR shall pay to [NAME OF RSL] upon demand all agreed outstanding Fees in relation to the acquisition of properties on behalf of the MRSR.

15. **FORCE MAJEURE**

[NAME OF RSL] shall have no liability to the MRSR under this SLA if it is prevented from, or delayed in performing, its obligations under the SLA or from carrying on its business by acts, events, omissions or accidents beyond its reasonable control, including (without limitation) strikes, lock-outs or other industrial disputes (whether involving the workforce of [NAME OF RSL] or any other party), failure of a utility service or transport network, act of God, war, riot, civil commotion, malicious damage, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

16. **VARIATION**

No variation of this SLA or of any of the documents referred to in it shall be valid unless it is in writing and signed by or on behalf of each of the parties.

17. **SEVERANCE**

- 17.1 If a provision of this SLA (or part of any provision) is found illegal, invalid or unenforceable, the provision shall apply with the minimum modification necessary to make it legal, valid and enforceable.

18. **ASSIGNMENT**

Either party may, with the prior written consent of the other party, assign, transfer, charge, mortgage, subcontract or deal in any other manner with all or any of its rights or obligations under this SLA.

19. **PUBLICITY**

- 19.1 [NAME OF RSL] will proactively promote Mortgage Rescue as the lead Syndicate RSL both locally and nationally, working with the HCA, CLG and MRSR where appropriate to do so.

- 19.2 The unrestricted right to use any document or data (including personal data although notwithstanding the provisions of the Data Protection Act) produced as a result of providing the Syndication Service exclusively related to this SLA shall be vested in [NAME OF RSL].

- 19.3 The right granted at Clause **Error! Reference source not found.** shall include the right to use any such document or data (including personal data notwithstanding the provisions of the Data Protection Act) for the purposes of promoting MRS and the Syndication Service provided by [NAME OF RSL].

- 19.4 In the event that the MRSR plans to promote the Mortgage Rescue Scheme, the MRSR shall at all times consult with [NAME OF RSL] and the parties shall work together to produce, publish and disseminate jointly prepared and jointly branded promotional materials.

20. **RIGHTS OF THIRD PARTIES**

- 20.1 A person who is not a party to this SLA shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

21. **NOTICES**

- 21.1 Any notice under this SLA will be in writing, sent by pre-paid first-class post, recorded delivery or email to the other party, for the attention of the [NAME OF RSL] Manager or MRSR Manager (as applicable). and will be deemed duly received if sent by pre-paid first-class post or recorded delivery, at 9.00 am on the second Business Day after posting. Paper copies of any notice sent by email shall be sent by any postal method specified in this Clause **Error! Reference source not found.** and such original copy shall be deemed to be received in accordance with the terms of this Clause **Error! Reference source not found.**

22. **ENTIRE AGREEMENT**

22.1 This SLA and any documents referred to in it constitute the whole agreement between the parties and supersede any previous arrangement, understanding or agreement between them relating to the subject matter of this SLA.

22.2 Each party acknowledges that, in entering into this SLA it does not rely on any statement, representation, assurance or warranty (**Representation**) of any person (whether a party to this SLA or not) other than as expressly set out in this SLA or those documents.

22.3 Nothing in this clause shall limit or exclude any liability for fraud.

23. **GOVERNING LAW AND JURISDICTION**

23.1 This SLA and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by, and construed in accordance with, the law of England and Wales.

23.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this SLA or its subject matter or formation (including non-contractual disputes or claims).

This SLA has been entered into on the date stated at the beginning of it.

SIGNED by ( )  
A duly authorised representative  
For and behalf of **[NAME OF RSL] Group Limited**

SIGNED by ( )  
A duly authorised representative  
For and behalf of **{MRSR}**

## ANNEX 1 DEFINITIONS

- 1.1 The definitions and rules of interpretation in this Annex 1 apply to the defined terms in the SLA and all Annexes.

**Acquisition Milestones:** a date by which a part of the acquisition process is estimated to be completed, as outlined in Annex 2 and the Acquisition Workflow (Annex 3).

**Acquisition Price:** means the purchase price of the property which will be within the price cap set by the HCA for the relevant geographical area.

**Acquisition Process:** means the service which [NAME OF RSL] will provide to acquire qualifying MR properties in accordance with the requirements of the Government's MRS, on behalf of the MRSR, the whole process incorporating initial referral until completion, as described in outline in Annex 2.

**Acquisition Workflow:** the outline workflow (Annex 3) describing the process to acquire individual properties to clarify the services provided in accordance with this SLA and outlined in Annex 2, and which indicates responsibilities for the provision of the Syndication Service agreed in accordance with Clause **Error! Reference source not found.**

**Asset Management Service:** means the works performed on a property pursuant to the results of the Asset Management Survey.

**Asset Management Survey:** means the survey and assessment of works required to bring a property up to DHS.

**Completion:** the date upon which the legal and beneficial title in and to the property the subject of the acquisition is transferred to the MRSR.

**Decent Home:** has the meaning set out in the update document (and any applicable preceding published document) issued by the Department for Communities and Local Government in June 2006 entitled "A Decent Home: Definition and guidance for interpretation" and "**Decent Home Standard**" or "**DHS**" shall be interpreted accordingly.

**Fee(s):** means the administration fee payable to [NAME OF RSL] by the HCA, but claimed by the MRSR, for the delivery of the MR Syndication Service which is payable to [NAME OF RSL] upon or shortly after Completion of the acquisition of each property by the MRSR into the [NAME OF RSL] Designated Account.

**Homes and Communities Agency ("HCA"):** the Government's agent responsible for managing the grant funding available for the MRS. The HCA works in partnership with the Communities and Local Government ("**CLG**") and Syndicated RSLs to deliver MRS, monitoring performance against the Government's objectives.

**IMS:** the HCA's Investment Management System on which all acquired properties must be registered in order to claim the MRG in respect of the acquisition and repair of qualifying properties, and the administration fee.

**Mortgage Rescuer:** the current owner of the property being acquired as a result of the MRS, and therefore “rescued”.

**Mortgage Rescue Grant (“MRG”):** means the grant available under the Government’s Mortgage Rescue Scheme to be claimed by the MRSR through IMS at the prevailing rate for the acquisition and repair of qualifying MR properties which they now own, and on behalf of [NAME OF RSL] for the administration fee payable to cover the costs of providing the MR Syndication Service.

**Mortgage to Rent Product:** The beneficiaries of the Mortgage to Rent Product are eligible applicants who own the title of their property and (i) have a mortgage of no more than 120% and no less than 75% of the value of their property (i.e. a maximum loan to value of 120%) and (ii) are at immediate risk of losing their home.

**Mortgage Rescue Scheme (MRS):** the incentive developed by the Government and managed by the Homes and Communities Agency to assist homeowners facing repossession and prevent homelessness.

**MRSR:** means the Mortgage Rescue Syndicated RSL who will acquire each rescued property on the completion of the process within the agreed Territory, and as set out at the top of this SLA.

**[NAME OF RSL] Designated Account:** [INSERT ACCOUNT DETAILS HERE]

**[NAME OF RSL]’s Head of Mortgage Rescue:** [NAME OF RSL]’s manager responsible for the provision of the Syndication Service as described in this SLA.

**Property:** the property or properties which the MRSR is considering acquiring and/or agrees to acquire under the Mortgage Rescue Scheme.

**Syndication Service:** means the syndication service provided by [NAME OF RSL] under this SLA (together with any other services which [NAME OF RSL] may provide or agree to provide in writing to the MRSR from time to time). In providing these services, [NAME OF RSL] is acting as the agent of the HCA to co-ordinate, promote and monitor all aspects of the Mortgage Rescue Scheme in a defined area, working in partnership with MRSRs through this SLA to acquire properties in accordance with the Government’s MRS.

**Territory:** the postal code area and/or other geographical location as specified by the MRSR for the purposes of acquiring MR properties.

**VAT:** value added tax chargeable under English law for the time being and any similar additional tax.

- 1.2 Clause, annex and paragraph headings shall not affect the interpretation of this SLA.
- 1.3 A person includes a natural person, corporate or unincorporated body, (which expression shall include a charitable industrial and provident society, and that person's legal representatives, successors and permitted assigns.



- 1.4 The annexes and background form part of this SLA and shall have effect as if set out in full in the body of this SLA. Any reference to this SLA includes the annexes and background.
- 1.5 A reference to writing or written includes faxes and e-mail.
- 1.6 Where the words include(s), including or in particular are used in this SLA, they are deemed to have the words without limitation following them. Where the context permits, the words other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.7 Any obligation in this SLA on a person not to do something includes an obligation not to agree, allow, permit or acquiesce in that thing being done.
- 1.8 References to clauses and annexes are to the clauses and annexes of this SLA.

## ANNEX 2 SERVICES

### Part 1 [NAME OF RSL]'s Commitments

6. In addition to the obligations set out in the SLA and otherwise in this Annex 2, [NAME OF RSL] shall use its reasonable endeavours to perform the Syndication Service in accordance with the Mortgage Rescue Acquisition Workflow (attached at 0Annex 3) and to:
  - 6.1 receive applicant referrals from either the Local Authority for the Mortgage Rescue Scheme – Mortgage to Rent product, or the Fast Track Team in line with the Guidance notes for Local Authorities' Government Mortgage Rescue;
  - 6.2 assess the applicant's circumstances to determine whether they are suitable for the Mortgage to Rent Product under the Mortgage Rescue Scheme;
  - 6.3 (where the applicant is suitable for the Mortgage to Rent Product and the property is located in the MRSR Territory), advise the MRSR of the address of the property by email or as otherwise agreed between the parties;
  - 6.4 use its reasonable endeavours to commission a RICS Home Buyers Survey of the property within two working days of [NAME OF RSL] receiving the applicant referral from the Local Authority;
  - 6.5 on receipt of the RICS Home Buyers Survey, check the property value against the estimate provided by the Local Authority and revise the financial model accordingly, and if the property exceeds the predetermined price cap refer the property to the HCA for determination before proceeding with the acquisition;
  - 6.6 provide a copy of the RICS Home Buyers Survey and the revised financial model to the MRSR within two working days of receipt by [NAME OF RSL] by email or as otherwise agreed by the parties;
  - 6.7 where necessary, negotiate with third parties to arrive at a mutually satisfactory agreement to resolve the outstanding debt/negative equity relating to the property to ensure an acquisition can proceed;
  - 6.8 prepare and send to the applicant within two working days of receipt of the RICS Home Buyers Survey a standard letter offering to purchase the property, (this timescale may vary if negotiations with third parties are required due to negative equity) and advising that the MRSR is purchasing the property and the applicant should seek independent financial advice. [NAME OF RSL] will enclose with the letter details of IFAs that are familiar with the Mortgage Rescue Scheme;

- 6.9 instruct (following receipt of the acceptance of the offer in writing from the applicant and notification of the details of the applicant's solicitor) Wright Hassall Solicitors to act in the purchase of the property on behalf of the MRSR within two working days or as soon as reasonably practicable thereafter;
- 6.10 procure that a Completion statement will be provided by Wright Hassall Solicitors to both [NAME OF RSL] and the MRSR for each individual acquired property.

## **Part 2 MRSR's Commitments**

1. In addition to the obligations set out in the SLA and otherwise in this Annex 2, the MRSR shall:
  - 1.1 provide postal code details to [NAME OF RSL] and agree to purchase such maximum quantity or maximum value of properties located within the MRSR Territory, and such obligation to purchase shall cease upon such date that the MRSR has spent the maximum value or purchased the maximum quantity of properties as set out in any Project Plan, whichever the sooner;
  - 1.2 arrange for an inspection of the property to be undertaken and produce, as appropriate, a specification of works to bring the property up to a minimum standard in accordance with the Decent Home Standard and provide an Energy Performance Certificate, unless the MRSR requests [NAME OF RSL] to undertake the same on its behalf in accordance with the provisions of Clause **Error! Reference source not found.**;
  - 1.3 meet with the applicant and [NAME OF RSL] to explain to the applicant the draft Assured Shorthold Tenancy Agreement and repair work required to be undertaken to the property, and complete the MRSR's housing application form;
  - 1.4 make a claim for an HCA grant on the HCA IMS system;
  - 1.5 send the administration Fee to the [NAME OF RSL] Designated Account in accordance with the requirements of this SLA;
  - 1.6 make any adjustment to a repairs grant claim on the IMS system at a later date following Completion;
  - 1.7 arrange for the performance of the necessary specified works to the property after Completion.

## **Part 3 Payment responsibilities in respect of the Mortgage Rescue Scheme**

1. The MRSR is responsible for the following costs:

- 1.1 The purchase price of the property (less 3% of the purchase price of the property);
- 1.2 The cost of the necessary repairs to bring the property up to a minimum of Decent Home Standard;
- 1.3 The fees associated with specifying the works.

The above elements attract a grant at the prevailing rate from the HCA.

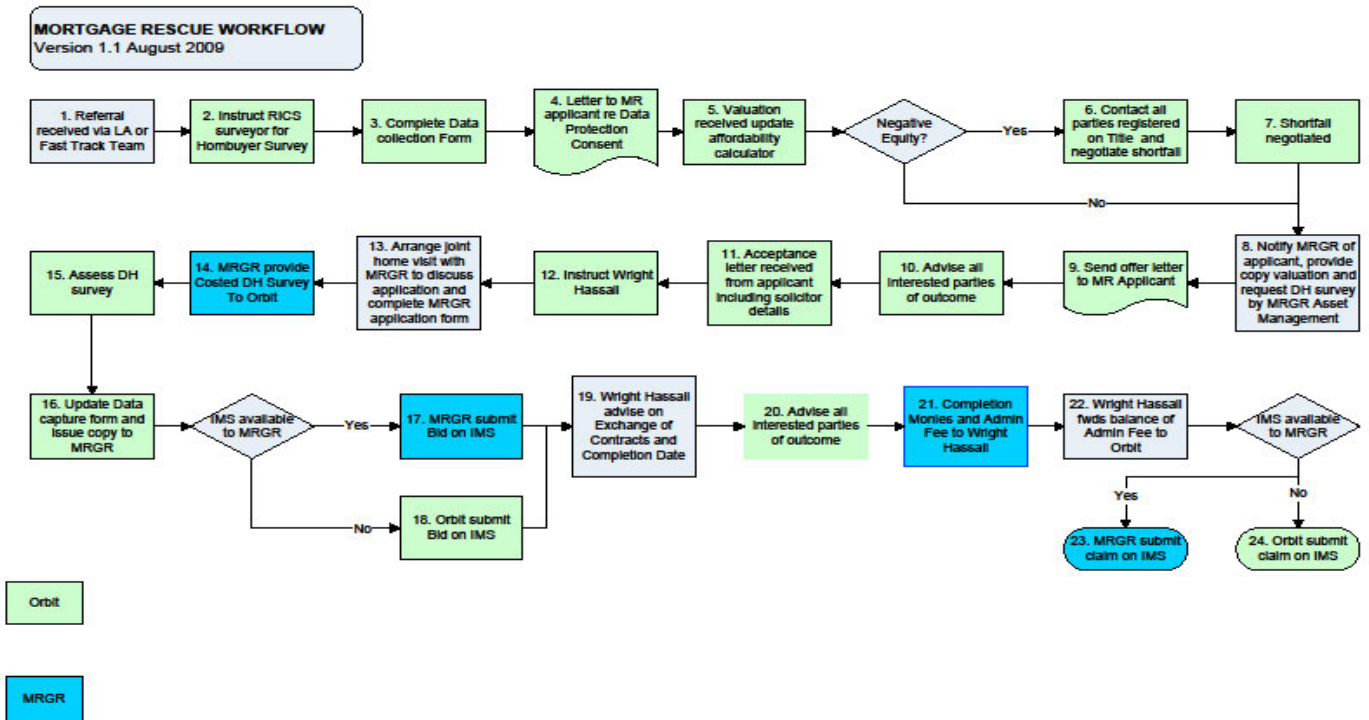
In addition the MRSR shall claim the Fee from the HCA as part of the overall claim for MR Grant for each acquired property on IMS; this Fee will subsequently be paid to [NAME OF RSL] on Completion.

2. [NAME OF RSL] is responsible for payment of the following costs:

- 2.1 All administrative costs associated with managing the provision of the Syndication Service under this SLA;
- 2.2 Solicitors fees in respect of purchase of the property (including all disbursements);
- 2.3 Vendor's solicitors fees;
- 2.4 RICS Home Buyers Survey fee; and
- 2.5 An IFA fee, if appropriate.

The Fee, which is claimed by the MRSR, is to be paid to [NAME OF RSL] to defray these costs.

### ANNEX 3 MORTGAGE RESCUE ACQUISITION WORKFLOW



## **APPENDIX 2:      EXAMPLES OF MRS FINANCIAL MODELS**

Two excel documents were attached to the email in which this document was sent to providers. These are 'live' designed to be used by providers when assessing the financial viability of a MRS case.

## **SECTION 5: MORTGAGE TO RENT PROCESS FOR SYNDICATION AGENTS**

### **A. PROCESS MAP**

These notes should be read in conjunction with the **Syndication Process map** which was issued alongside this document.

### **B. GUIDANCE NOTES**

These notes provide guidance on current best practice as it has evolved based on practitioners experience to-date – the timescales included are indicative and intended to give a gauge for Syndication Agents against which to measure their performance and improve their processes over time. They are not intended to be targets, but a measure of efficiency.

There are 5 Stages in the Government Mortgage to Rent process:

- Stage 1:** Referral and initial eligibility assessment
- Stage 2:** Valuation
- Stage 3:** Assessment of repair requirements
- Stage 4:** Formal offer
- Stage 5:** Completion

A case may be halted at any of these Stages.

These Guidance Notes are intended to accompany the MRS Process Workflow which sets out the various activities within each Stage required to complete a Government Mortgage to Rent completion from start to finish. A set of example documents has been prepared to support the provision of the service which are referred to within these Notes.

These Guidance Notes also need to be read in conjunction with the details of the government's Mortgage Rescue Scheme as set out in the HCA's Affordable Housing Capital Funding Guide – Mortgage Rescue, which determine the rules on eligibility for MRS. This is summarised in the MRS Briefing Note (Section 3).

It is assumed that the Syndication Agent and each syndicated RSL have agreed and signed a Service Level Agreement between their two organisations before commencing the acquisition of a property. The SLA sets out the respective responsibilities of each party to the Government Mortgage to Rent process.

## STAGE 1 – REFERRAL & INITIAL ELIGIBILITY ASSESSMENT

On the **same day** as the receipt of a referral from a Local Authority (LA)/Fast Track Team, the following actions need to be completed:

- i. Ensure the standard referral **Checklist** has been completed by the LA/Fast Track Team to ensure all necessary information required to progress the MRS application has been provided [**Doc 1**].

If this is not the case, the LA/Fast Track Team must be chased for the outstanding information. It may be possible to continue to progress the case without some information, however this is not possible if the financial assessment completed by the Money Advisor has not been provided – this is absolutely critical in determining eligibility for MRS.

- ii. Set up internal MRS **administration arrangements**:
  - a. Open a **case file** for the address. This should include as a minimum:
    - Financial assessment completed by the LA/Money Advice
    - Standard data protection consent form if completed [**Doc 2**]
    - Initial indication of likely value of property – this will need to be compared to the Price Cap for the area
    - Details of mortgage (company, amount outstanding & % equity in the property)
    - Details of all third parties with a charge on the property and the value of these
    - Details of any other debts that will need to be considered as part of the rescue.
  - b. Log the property onto the HCA’s monitoring return form [**Doc 3**].
- iii. Complete the “Quick Financial Assessment” to determine initial eligibility based on the information provided by the LA/Fast Track Team [**Doc 4**].

If there is any doubt about the eligibility of a case at this stage (negative equity being the likely issue), negotiations may need to commence with the LA & lender to see what options may be available to make the rescue stack up.

- iv. **Acknowledge receipt** of the referral to LA or Fast Track Team by email.
- v. **Write to the MRS applicant** to acknowledge receipt of the referral [**Doc 5**], and explain the process that will need to be followed. The standard plain English guide to MRS [**Doc 6**] and the data protection



consent form [**Doc 2**], if not already completed, should also be included with this letter.

- vi. Commission the **RICS Homebuyers survey** through either a local Estate Agent, the Fast Track Team's appointed agent - King Sturge/Connells - or other suitable local arrangements to determine the current open market value of the property [**Doc 7**].

### Good Practice Hints

- The new referral form should be issued to all partnering Local Authorities for use when making referrals to the Syndication Agent – this should ensure that all referrals have the essential information required to open a case.
- Local Authorities should be asked to record as many client contact details as possible, and details of other family members if possible.
- A full referral must include all the documents referred to in the Standard Referral Form [**Doc 1**]. It is not intended to replace the original application form but is a helpful Checklist ensuring the LA has all the key information required before making a referral.
- The Consent form should similarly be issued to the LAs – this should ensure that the Syndication Agent has authority to access the applicants' account information early in the process which should assist in speeding it up.
- The purpose of the standard acknowledgement letter [**Doc 5**] is to introduce the applicant to the Syndication Agent and outline the process they will be going through, as well as highlighting the importance of ensuring they are contactable.
- The HCA Plain English Guide should be adapted to reflect different RSL's processes.
- The CLG Fast Track Team has agreed a fixed price and 5-day turnaround for RICS HomeBuy Surveys and EPC.

## STAGE 2 - VALUATION

On the **same day** of receipt of the completed RICS valuation from the Estate Agent (or other surveyor), the following actions need to be taken depending on the outcome of the valuation:

- vii. **If the open market value of the property is more** than the Price Cap for the area, each case must be **referred** to the regional HCA office to obtain a specific variation approval [**Doc 9**]. In cases where the property value exceeds the property price cap by up to 20%, no approval is needed from the HCA to proceed, where the RSL considers the property price to be reasonable. (See separate Frequently Asked Questions document for further details).

The HCA monitoring return form must be updated.

**Until this approval is received the case cannot proceed.**

- viii. **If the HCA are unable to approve the variation**, the case cannot proceed, and the applicant must be informed accordingly [**Doc 10**].

The case will therefore be closed, the Fast Track team or LA informed & the HCA monitoring return form updated.

- ix. **If the open market value is within the Price Cap** and/or the HCA approval for the variation is received, a further "Quick Financial Assessment" needs to be completed [**Doc 4**] using the actual open market value to use as the basis for a formal offer to the lender(s)/charge holders (see xii).

The HCA monitoring return form must be updated.

- x. The EPC can be commissioned at this stage, as this can avoid delays in the tenancy sign up later in the process [**Doc 8**]. Note that this may involve a small level of abortive costs, if the rescue does not proceed for any reason.
- xi. Notify the relevant syndicated RSL of a potential new case [**Doc 11**] so that the Asset Management Survey (Stage 3) can be commissioned and any internal sign-off processes completed.
- xii. Make an offer to lenders/other charge holders [**Doc 12a & 12b**]. It can assist in speeding up the process even if the asset management survey (Stage 3) has not have been completed - it makes sense to make an offer to lenders as early as possible in order to start negotiations and avoid unnecessary delays later in the process.

- xiii. On receipt of a referral from the **Fast Track** team, an **in principle** offer should be made on the **same day** (see xii) along with the instruction for the Asset Management Survey (Stage 3).
- xiv. Inform the LA and/or the Fast Track Team of the current status of the case using the standard update form [**Doc 13**], either:
- That an offer has been made to the lender(s)/charge holders; **or**
  - That the case has been referred to the HCA for variation approval; **and**
  - Once the outcome of the HCA referral is known, inform the LA either that the case is progressing or has been closed.

The standard Update Form is a useful tool for sharing information and ensuring all relevant parties are kept in the loop without having to replicate information several times.

**Negotiations with the lender(s)/other charge holders and the LA Housing Options Team can continue until the end of the rescue process, depending on the complexity of an individual case. The case cannot proceed until in principle agreement has been reached with all lenders/charge holders, although the final redemption figures will not be available until 48 hours prior to contract exchange. It is good practice to chase the lender(s)/other charge holders periodically to ensure hold-ups in the process are minimised as much as possible.**

### **Asset Management Survey**

The Asset Management Survey can be commissioned at the same time as the valuation, or once the valuation has been received in parallel to the offer to lenders, which again can save time. This can be considered on a case-by-case basis, by assessing the likelihood of a case proceeding to completion, to manage the level of abortive costs (although the grant level has been set at such a level to acknowledge that some abortive costs will be incurred)

### **Good Practice Hints**

- The property cap referral pro forma can be issued to Local Authorities and sent to the regional HCA in advance of the full referral being received to speed up the process.
- As RSLs have discretion to breach the price cap by 20%, only cases above this figure need to be referred.
- The offer letter for the second charge holder can be adapted for 3<sup>rd</sup>, 4<sup>th</sup> and subsequent charge holders on the property if required.

### STAGE 3 – ASSESSMENT OF REPAIR REQUIREMENTS

This Stage is fundamentally in the hands of the syndicated RSL – there is little action the Syndication Agent can take until the results of the asset management survey have been evaluated.

Where **leasehold properties** are involved, the syndicated RSL will also need to clarify who the freeholder is, establish whether there is a management company and any charges for this service, what the leaseholders' responsibilities are in relation to the costs of maintaining communal areas, contributions to the sinking fund and whether the Client has any Service Charge arrears.

- xv. The relevant syndicated RSL needs to be formally requested to undertake the asset management survey [**Doc 14**].
- xvi. Once the survey has been completed and the cost of the repair work quantified, it is assumed that the rescue will proceed **unless in exceptional circumstances** it is considered that the extent of the works and consequent costs are considered to be too extensive and/or economically unviable to undertake, and/or there are severe structural issues associated with the property which will cause a long-term asset management issue for the syndicated RSL (for instance the property is situated above a mine shaft), or that it is constructed by non-traditional methods.

If the syndicated RSL does not wish to proceed with the rescue at this stage because of the exceptional circumstances of the property, the organisation must formally write to the Syndication Agent to advise of the decision and the business rationale to support it. The Syndication Agent must discuss this with the HCA Regional Office before the final decision to decline the property is made.

If the property is declined, **the case will be closed at this point.**

- xvii. Where a survey identifies that a property has **non-standard items** which require remedial works to bring them up to acceptable living and/or safety standards (for instance conservatories), these must be referred to the HCA Regional Office before a decision is made to proceed with the rescue. Currently the grant available for repair works is intended only for DHS items, however the HCA have some flexibility in relation to this if the case is otherwise suitable for mortgage rescue.

On the **same day** that that the syndicated RSL's decision is received (either to withdraw from the rescue on the basis of the condition of the property or to proceed):

- xviii. Inform the LA of the current status of the case, or that it has been closed [**Doc 13**].
- xix. If the decision has been made to decline the case, the applicant must be informed in writing that the case has been closed [**Doc 10**].
- xx. The HCA's monitoring return form must be completed, either confirming the status of the case or that it has been closed.
- xxi. The syndicated RSL may need to obtain specific internal approval to proceed with the acquisition of the property. If this is the case, the Syndication Agent will not be able to make a formal offer to the applicant until the syndicated RSL has confirmed in writing that the relevant approvals have been received. RSLs are encouraged to obtain delegated, or block approvals from their board or senior management team, to avoid delays caused in seeking case by case approval.

### **Good Practice Hints**

- The asset management survey may identify something in the property in need of repair or rectification works to bring the home up to acceptable living standards, but which is not normally caught within the definition of Decent Homes Standards. Examples so far include an unfinished extension where doing the additional work made sense as it increased the living space and amenities of the property, and therefore value. Such cases need to be referred to the regional HCA office to consider on a case by case basis whether to grant fund the work or not. However, an RSL may decide to proceed with the work without grant due to the additional benefits of doing so.
- RSLs need to ensure that they protect themselves from any on-going liabilities, particularly in relation to repair and maintenance and/or health & safety issues, for any improvements or installations in a property that the resident has undertaken which would not normally be the landlord's responsibility to maintain. In these circumstances, the client needs to be clear from the outset that it will be their responsibility to maintain such improvements. A disclaimer must be signed by the client accepting responsibility for the future maintenance of the item and acknowledging that if there is any uncertainty about the safety of the item in the future, the RSL will remove the item.

## STAGE 4 – FORMAL OFFER

This Stage can only commence when provisional (in principle) acceptance in writing of the offer by **all** the lender(s)/other charge holders at Stage 2 has been received. Subject to the complexity of negotiations, this can take an extended period of time.

On the **same day** that provisional acceptance is received, the next actions are to:

- xxii. Undertake a final financial assessment in preparation for making the offer to the applicant.
- xxiii. Write to the applicant to make a formal offer which will be subject to the final redemption figures [**Doc 15**]. This needs to include advice about obtaining independent financial advice before accepting the offer and proceeding with MRS, appointing a solicitor to act on the applicant's behalf, and explains the repair work required to be undertaken to the property. The following documents need to be enclosed:
  - MRS Q&A leaflet setting out information about what happens next and over the next 3 years for the Client [**Doc 16**]
  - Details of the valuation
  - Repair consent form – this needs to be completed and returned if the formal offer is accepted [**Doc 17**]
  - Information about 2 – 3 solicitors & IFAs operating in the area who are familiar with MRS – if the applicant decides to proceed with rescue, they must instruct an independent solicitor to act on their behalf. A standard document that the applicant can use to instruct their solicitor should also be provided in order to make the process as easy as possible for all parties [**Doc 18**]. A financial cap should be placed on the contribution that will be paid for solicitors fees – this should be based on the typical charges made by the recommended solicitors
  - A copy of the draft standard Assured Shorthold Tenancy [**Doc 19** ] for information
  - An offer acceptance/decline pro forma which the applicant is required to complete to confirm their decision to proceed or not with the rescue [**Doc 20**]. It is probably sensible to enclose a SAE to ensure there are no delays or difficulties in returning the acceptance
  - Syndicated RSL's application form so that sufficient information about the applicant can be obtained to enable the tenancy to be set up on the housing management system.

**The formal 8 working day cooling off period commences on issue of the offer letter to the applicant (8 days plus 2 to allow for the post).**

- xxiv. The applicant must formally accept or decline the offer in writing by signing and returning the proforma [**Doc 20**]. If the applicant accepts the offer, Stage 5 commences.
- xxv. If the applicant decides to reject the offer, the **case will be closed**. Where possible the applicant should be asked to provide reasons
- xxvi. On the **same day** of receipt of either the formal acceptance or rejection of the offer, the following actions must be taken:
- Inform the syndicated RSL of the decision
  - Update the LA/Fast Track Team
  - **Update the HCA's monitoring return form.**



### Good Practice Hints

- It is good practice to make a courtesy call to the applicant during the 8 day cooling off period to ensure they have all the information they need to make their decision or answer any queries/concerns they may have. It can also ensure that the necessary paperwork is returned quickly.
- You may wish to consider instructing your legal team on the day that the household enters the cooling off period. This will speed up the process when the client formally accepts the offer. Most cases that reach this stage will complete, but you need to be aware that if the household reject the offer, the RSL will not be able to claim the £4,500 administration fee, and would therefore have to meet legal costs themselves
- It can be helpful to work with the syndicated RSL's solicitor once instructed – monthly review meetings can assist in identifying and resolving blockages and highlight issues that the Syndicated RSL/Fast Track Team need to address.
- It is also sensible to utilise the Fast Track Team to chase offers with lenders and undertake other tasks that will ensure a quick and smooth completion.
- The syndicated RSL's solicitor can also arrange to undertake the tenancy sign up if helpful; thus ensuring it is completed before contract exchange and completion. The RSL's Housing Management home visit later in the process can therefore concentrate on welcoming the Client to the Association and explaining the terms of the AST.

## STAGE 5 - COMPLETION

Receipt of the formal acceptance of the offer from the applicant is the trigger required to commence the last Stage in the MRS process, which is the legal and conveyancing activities required to complete the acquisition of the property and transfer of ownership to the syndicated RSL.

Once conveyancing has commenced, again it is good practice for the Syndication Agent to check progress periodically to ensure that there are no untoward hold-ups/problems with the process and therefore unnecessary delays.

Approximately 48 hours before the planned exchange of contract, the Client's solicitor will need to obtain the final redemption figures from all lenders/charge-holders. The Syndication Agent may need to prompt/advise the solicitor to ensure that this stage in the process is completed within the required timescales to achieve the exchange of contract.

xxvii. The Syndication Agent needs to complete the Handover Proforma [**Doc 21**] to ensure the receiving RSL has all the relevant information necessary to take over the ownership and management of the property.

xxviii. The Syndication Agent also needs to write to the Household to introduce them to their new landlord [**Doc 22**].

xxix. In preparation for the acquisition of the property, the syndicated RSL will need to ensure that their own internal arrangements are set up to incorporate a new property into their organisational management arrangements, for instance:

- Arranging a tenancy sign up visit (this can be joint with the Syndication Agent if required)
- Handover arrangements to the housing management team
- Setting up the property/tenancy on the housing management system
- Arrange for EPC (if not previously commissioned at Stage 2), plus gas & electricity safety checks, and schedule the repair work to be undertaken. **Note: these works must not be started until after exchange of contracts but must commence within 6 weeks of the completion.**

xxx. On the **same day** of notification that exchange of contracts has been achieved:

- The LA/Fast Track Team must be updated
- The HCA monitoring return form must be updated
- And grant must be claimed – either by the syndicated RSL, if it is one of the HCA's approved development partners or that is the choice of the syndicated RSL; alternatively, if the RSL is not a

development partner, the Syndication Agent must log the claim on IMS in any case and pass on the grant for acquisition and repairs to the syndicated RSL

- xxxi. Once completion has been achieved, the HCA's monitoring return form must be completed for the property and the LA/Fast Track Team informed.
- xxxii. **On the day of completion**, the syndicated RSL must instruct their contractor to undertake the safety checks. The necessary repair works must be scheduled to accommodate the household's family circumstances, and should ordinarily commence within **6 weeks** of purchase completion.

### Good Practice Hints

You may wish to refer to the tenancy sign up checklist **[Doc 23]** when carrying out sign ups.

## **SECTION 6: SHARED EQUITY PROCESS FOR SYNDICATION AGENTS**

### **A. PROCESS MAP**

These notes should be read in conjunction with the **Shared Equity process map** which was issued alongside this document.

### **B. GUIDANCE NOTES**

These Notes provide guidance on current best practice as it has evolved based on practitioners experience to-date – the timescales included are indicative and intended to give a gauge for Syndication Agents against which to measure their performance and improve their processes over time. They are not intended to be targets, but a measure of efficiency.

There are 4 Stages in the Shared Equity process:

- Stage 1:** Referral and initial eligibility assessment
- Stage 2:** Valuation
- Stage 3:** Formal offer
- Stage 4:** Completion

A MRS case may be halted at any of these Stages.

These Guidance Notes are intended to accompany the MRS Process Workflow which sets out the various activities within each Stage required to complete a Shared Equity Mortgage Rescue case. A set of example documents has been prepared to support the provision of the service which are referred to within these Notes. The majority of these documents are the same for both Government Mortgage to Rent and for Shared Equity; it is clear in the Guidance Notes where these differ.

These Guidance Notes also need to be read in conjunction with the details of the government's Mortgage Rescue Scheme as set out in the HCA's Affordable Housing Capital Funding Guide – Mortgage Rescue, which determine the rules on eligibility for MRS. This is summarised in the MRS Briefing Note (Section 3).

It is assumed that the Syndication Agent and each syndicated RSL have agreed and signed a Service Level Agreement between their two organisations before commencing the acquisition of a property. The SLA sets out the respective responsibilities of each party to the Mortgage to Rent process.

## STAGE 1 – REFERRAL & INITIAL ELIGIBILITY ASSESSMENT

On the **same day** as the receipt of a referral from a LA/Fast Track Team, the following actions need to be completed:

- i. Ensure the standard referral **Checklist** has been completed by the LA/CLG Fast Track Team to ensure all necessary information required to progress the MRS application has been provided [**Doc 1**].

If this is not the case, the LA/Fast Track Team must be chased for the outstanding information. It may be possible to continue to progress the case without some information, however this is not possible if the financial assessment completed by the Money Advisor has not been provided – this is absolutely critical in determining eligibility for MRS.

- ii. Set up internal MRS **administration arrangements**:  
Open a **case file** for the address. This should include as a minimum:
  - Financial assessment completed by the LA/Money Advice
  - Standard data protection consent form if completed [**Doc 2**]
  - Initial indication of likely value of property – this will need to be compared to the predetermined Price Cap for the area
  - Details of mortgage (company, amount outstanding & % equity in the property)
  - Details of all third parties with a charge on the property and the value of these
  - Details of any other debts that will need to be considered as part of the rescue.
  - Log the property onto the HCA’s monitoring return form [**Doc 3**].
- iii. Complete the “Quick Financial Assessment” to determine initial eligibility based on the information provided by the LA/Fast Track Team [**Doc 4**].
- iv. **Acknowledge receipt** of the referral to LA or Fast Track Team by email.
- v. **Write to the MRS applicant** to acknowledge receipt of the referral [**Doc 5**], and explain the process that will need to be followed. The standard plain English guide to MRS [**Doc 6**] and the data protection consent form [**Doc 2**], if not already completed, should also be included with this letter.

- vi. Commission the **RICS Homebuyers survey** through either a local Estate Agent, the Fast Track Team's appointed agent - King Sturge/Connells - or other suitable local arrangements to determine the current open market value of the property [**Doc 7**].

### Good Practise Hints

- The new referral form should be issued to all partnering Local Authorities for use when making referrals to the Syndication Agent – this should ensure that all referrals have the essential information required to open a case.
- Local Authorities should be asked to record as many contact details as possible, and details of other family members if possible.
- A full referral must include all the documents referred to in the Standard Referral Form [**Doc 1**]. It is not intended to replace the original application form but is a helpful Checklist ensuring the LA has all the key information required before making a referral.
- The Consent form should similarly be issued to the LAs – this should ensure that the Syndication Agent has authority to access the applicants' account information early in the process which should assist in speeding it up.
- The purpose of the standard acknowledgement letter [**Doc 5**] is to introduce the applicant to the Syndication Agent and outline the process they will be going through, as well as highlighting the importance of ensuring they are contactable.
- The HCA Plain English Guide should be adapted to reflect different RSL's processes.
- The CLG Fast Track Team has agreed a fixed price and 5-day turnaround for RICS HomeBuy Surveys and EPC.

## STAGE 2 - VALUATION

On the **same day** of receipt of the completed RICS valuation from the Estate Agent (or other surveyor), the following actions need to be taken depending on the outcome of the valuation:

- vii. **If the open market value of the property is more** than the Price Cap for the area, each case must be **referred** to the regional HCA office to obtain a specific variation approval [**Doc 9**]. Where the property value is less than 20% over the property price cap, RSLs do not need to seek approval for the variation from the HCA, providing they deem that property price to be reasonable.

The HCA monitoring return form must be updated.

**Until this approval is received the case cannot proceed.**

- viii. **If the HCA are unable to approve the variation**, the case cannot proceed, and the applicant must be informed accordingly [**Doc 10** ].

The case will therefore be closed, the LA informed & the HCA monitoring return form updated.

- ix. **If the open market value is within the Price Cap** and/or the HCA approval for the variation is received, a further "Quick Financial Assessment" needs to be completed [**Doc 4**] using the actual open market value to use as the basis for a formal offer to the lender(s)/charge holders.

The HCA monitoring return form must be updated.

- x. Notify the relevant syndicated RSL of a potential new case [**Doc 11**] so that any internal sign-off processes can be completed.

- xi. Make an offer to lenders/other charge holders [**Doc 24a & 24b**].

- xii. Inform the LA and/or the Fast Track Team of the current status of the case using the standard update form [**Doc 13**] either:

- That an offer has been made to the lender(s)/charge holders; **or**
- That the case has been referred to the HCA for variation approval; **and**
- Once the outcome of the HCA referral is known, inform the LA either that the case is progressing or has been closed.

The standard Update Form is a useful tool to for sharing information and ensuring all relevant parties are kept in the loop without having to replicate information several times.

**Negotiations with the lender(s)/other charge holders and the LA Housing Options Team can continue until the end of the rescue process, depending on the complexity of an individual case. The case cannot proceed until in principle agreement has been reached with all lenders/charge holders, although the final redemption figures will not be available until 48 hours prior to contract exchange. It is good practice to chase the lender(s)/other charge holders periodically to ensure hold-ups in the process are minimised as much as possible.**

#### **Good Practise Hints**

- The property cap referral pro forma can be issued to Local Authorities and sent to the regional HCA in advance of the full referral being received to speed up the process.
- As RSLs have discretion to breach the price cap by 20%, only cases above this figure need to be referred.
- The offer letter for the second charge holder can be adapted for 3<sup>rd</sup>, 4<sup>th</sup> and subsequent charge holders on the property if required.



### STAGE 3 – FORMAL OFFER

This Stage can only commence when provisional (in principle) acceptance in writing of the offer by **all** the lender(s)/other charge holders at Stage 2 has been received. Subject to the complexity of negotiations, this can take an extended period of time.

On the **same day** that provisional acceptance is received, the next actions are to:

- xiii. Undertake a final financial assessment in preparation for making the offer to the applicant.
- xiv. Write to the applicant to make a formal offer which will be subject to the final redemption figures [**Doc 25**]. This needs to include advice about obtaining independent financial advice before accepting the offer and proceeding with MRS and appointing a solicitor to act on the applicant's behalf. The following documents need to be enclosed:
  - MRS Q&A leaflet setting out information about what happens next [**Doc 16**]
  - Details of the valuation
  - Information about 2 – 3 solicitors & IFAs operating in the area who are familiar with MRS – if the applicant decides to proceed with rescue, they must instruct an independent solicitor to act on their behalf. A standard document that the applicant can use to instruct their solicitor should also be provided in order to make the process as easy as possible for all parties [**Doc 26**]. A financial cap should be placed on the contribution that will be paid for solicitors fees – this should be based on the typical charges made by the recommended solicitors
  - An offer acceptance/decline pro forma which the applicant is required to complete to confirm their decision to proceed or not with the rescue [**Doc 20**]. It is probably sensible to enclose a SAE to ensure there are no delays or difficulties in returning the acceptance

**The formal 8 working day cooling off period commences on issue of the offer letter to the applicant (8 days plus 2 to allow for the post).**

- xv. The applicant must formally accept/decline the offer in writing by signing and returning the pro-forma [**Doc 20**]. If the applicant accepts the offer, Stage 4 commences.
- xvi. If the applicant decides to reject the offer, the **case will be closed**.
- xvii. On the **same day** of receipt of either the formal acceptance or rejection of the offer, the following actions must be taken:

- Inform the syndicated RSL of the decision
- Update the LA/Fast Track Team
- **Update the HCA's monitoring return form.**

### **Good Practice Hints**

- It is good practice to make a courtesy call to the applicant during the 8 day cooling off period to ensure they have all the information they need to make their decision or answer any queries/concerns they may have. It can also ensure that the necessary paperwork is returned quickly.
- It can be helpful to work with the syndicated RSL's solicitor once instructed – monthly review meetings can assist in identifying and resolving blockages and highlight issues for the Syndicated RSL/Fast Track Team to address.
- It is also sensible to utilise the Fast Track Team to chase offers with lenders and undertake other tasks that will ensure a quick and smooth completion.

## STAGE 4 - COMPLETION

Receipt of the formal acceptance of the offer from the applicant is the trigger required to commence the last Stage in the MRS process, which is the legal process required to complete the purchase of the equity share in the property.

Once conveyancing has commenced, again it is good practice for the Syndication Agent to check progress periodically to ensure that there are no untoward hold-ups/problems with the process and therefore unnecessary delays.

Approximately 48 hours before the planned exchange of contract, the Client's solicitor will need to obtain the final redemption figures from all lenders/charge-holders. The Syndication Agent may need to prompt/advise the solicitor to ensure that this stage in the process is completed within the required timescales to complete the purchase of the equity share and put a charge on the property.

- xviii. The Syndication Agent needs to complete the Handover Pro-forma [**Doc 21**] to ensure the receiving RSL has all the relevant information necessary to put the charge on the property.
- xix. The Syndication Agent also needs to write to the Client to introduce them to the RSL [**Doc 27**].
- xx. In preparation for the provision of the shared equity loan, the syndicated RSL will need to ensure that their own internal arrangements are set up to incorporate a new charge into their organisational management arrangements, for instance:
  - Incorporating the property into the organisation's database
  - Arrangements to make and collect the monthly fee.
- xxi. On the **same day** of notification that the shared equity loan has completed:
  - The LA/Fast Track Team must be updated
  - **The HCA monitoring return form must be updated**
  - And grant must be claimed – either by the syndicated RSL, if it is one of the HCA's approved development partners or that is the choice of the syndicated RSL; alternatively, if the RSL is not a development partner, the Syndication Agent must log the claim on IMS in any case and pass on the grant for acquisition of the share to the syndicated RSL
- xxii. Once the shared equity loan has been completed and the charge placed on the title of the property, the HCA's monitoring return form must be completed for the property and the LA/Fast Track Team informed.

## **SECTION 7 STANDARD DOCUMENTATION**

These are documents which have been developed by mortgage rescue practitioners, and can be adapted and used within any RSL providing mortgage rescue.

### **A. GOVERNMENT MORTGAGE TO RENT**

#### **Stage One - Referral & Initial Eligibility Assessment**

<b>Doc No.</b>	<b>Title</b>
1.	Referral Pro Forma for LA use
2.	Standard Authority form to discuss accounts
3.	HCA Monitoring Form
4.	Quick financial check form
5.	Standard acknowledgement of referral letter to applicant
6.	Standard accompanying plain English guide for applicants
7.	Standard Instruction Pro Forma to RICs chartered surveyor for Valuation
8.	Instruction for EPC certificate

#### **Stage Two – Valuation**

<b>Doc No.</b>	<b>Title</b>
9.	Property cap referral form to the HCA
10.	Withdrawal/decline letter to applicant
11.	Standard instruction form to Syndicated RSL
12a & 12b	Template offers to charge holders
13.	Standard update form

#### **Stage Three – Assessment of Repair Requirements**

<b>Doc No.</b>	<b>Title</b>
14	Standard instruction for asset Management Survey

#### **Stage Four – Formal Offer**

<b>Doc No.</b>	<b>Title</b>
15.	Standard formal offer letter to applicant GMtR
16.	MRS Q&A Leaflet for applicant
17.	Repair Consent Form

18. Solicitors instruction pro forma GMtR
19. Sample Assured Shorthold Tenancy Agreement
20. Offer acceptance/decline pro-forma
21. Hand over to pro-forma to syndicated RSL
22. Standard Introduction letter to RSL

### **Stage Five – Completion**

- 23 Checklist for sign up of mortgage rescue tenants

**No additional documents required.**

### **B. Shared Equity –Additional Documents**

<b>Doc No.</b>	<b>Title</b>
24a & 24b	Offer letters to lenders
25.	Standard formal offer to applicant SE
26.	Standard Solicitor Instruction Form
27.	Standard Introduction letter

## DOCUMENT ONE - REFERRAL FORM

Date of referral	
Name of MRSLA caseworker	
Contact no for caseworker	
Email for caseworker	
Case reference number	
Name of applicant	
Address of applicant	
Estimate Value	
Phone no & preferred contact times	
Other party to mortgage (if applicable)	
Address of other party (if applicable)	
Phone no of other party (if applicable)	
Mortgage lender and contact details: Name Address Email Telephone no Person to contact	
Account number	
Redemption figure	
2 <sup>nd</sup> charge lender and contact details (if applicable)	

Account number	
Redemption figure	
3 <sup>rd</sup> charge lender and contact details (if applicable)	
Account number	
Redemption figure	
Lenders have agreed to freeze action	

Checklist for case worker	
Applicant has been reminded of need for photo ID?	
Applicant is eligible?	<p>Yes/No</p> <p><b>DELETE AS APPROPRIATE</b></p> <p>Less than £60k gross annual income</p> <p>Priority need</p> <ul style="list-style-type: none"> <li>-Vulnerable (give details)</li> <li>-Dependent children/ Pregnant</li> <li>-Elderly</li> </ul> <p>Less than/equal 120% LTV</p> <p>Within property price cap</p> <p>Sole property owned</p> <p>At risk of repossession</p>
Consent form attached?	Yes/No
Land Registry?	Yes/No
Application Form?	Yes/No
Building Insurance?	Shared equity only!
Comments to support Application	
Signature of Referring Caseworker	



## **DOCUMENT TWO - MAINSTREAM CONSENT FORM**

In order for your Mortgage Rescue application to progress it will be necessary for several organisations to work together to process your application.

They will need to share and hold information relating to you for the purpose of administering your application and monitoring the mortgage rescue scheme.

In particular the associations listed below will need authority to access your personal information and negotiate with lenders on your behalf

This will involve the exchanging of information relating to you in connection with the scheme and to several different organisations.

All of these organisations will be assisting with the mortgage rescue process. The information will be held in accordance with the data protection Act 1998.

We need you to confirm you agree to your information being processed in this way. Please complete and return the following declaration.

I \_\_\_\_\_

Consent to the sharing and holding of information relating to me in connection with the mortgage rescue scheme for the purpose of administering my application and monitoring the mortgage rescue scheme. I

understand this information will be shared and held by organisations involved in the delivery of the mortgage rescue scheme.

These organisations include

- The mortgage rescue team established by DCLG
- The relevant housing association who is purchasing the property
- Money Advice
- Any lenders with a secured interest on my property
- Solicitors involved in the sales/charge process
- The Homes and Communities Agency
- Independent Financial Advice

I can confirm I have read and understood the above information

Signed .....Date .....

Signed.....Date.....

### **DOC THREE – HCA MONITORING FORM**

All syndication agents should have a copy of this form, if you have any questions about it please contact the HCA central team

**DOCUMENT FOUR – TEMPLATE – QUICK CASE ASSESSMENT**

Quick Case Assessment

RSL:

Address:

**Value of Home:**

Mortgage

Total 0.00

Shortfall

Equity **0.00**

Total **0.00**

Total

Purchase 0.00

HCA 0.00

RSL? 0.00

Homeowner 0.00

**0.00**

**Intermediate Rent**

Receipt to H/Owner

Market Rent:

**Local Authority Referral**

**Date:**

## **DOCUMENT FIVE - STANDARD ACKNOWLEDGEMENT OF REFERRAL LETTER**

**Direct Line:**

**Email:**

2009

Mr & Mrs x

Xxxxxxxx

Xxxxxxx

Xxxxxx

Xxxxxxxxxxx

Dear Mr & Mrs x

**Ref: Mortgage Rescue Scheme**

This is a letter to introduce you to our organisation. We have received a referral from your local authority.

I will be liaising with your Local Authority representative to ensure a smooth and efficient processing of your application for Government Mortgage Rescue. There are a few basic stages to this process and I have listed these below for your information.

- A Valuation Survey will be arranged by a Chartered Surveyor, they will need to gain access to your property so please try and allow access as quickly as possible.
- A further visit survey may be required to assess the property for any work which may need to be carried out, you will be informed if this is necessary.
- A formal offer will be issued which will detail any work which may be needed to be carried out and provide a financial breakdown of the scheme going forward.
- If you accept your formal offer in writing you will need to appoint a solicitor to complete all the legal process.
- Should work be needed a schedule will be drawn up to allow for the work to take place.

- Costs of works, solicitors and financial advice will be covered by our organisation.
- It is really important to ensure you are contactable over the next few months to assist us as much as possible in order to complete the rescue.

Please find enclosed a copy of a plain English guide, if you have any questions please give a member of the mortgage rescue team a call.

## **DOCUMENT SIX - MORTGAGE RESCUE – PLAIN ENGLISH GUIDE**

### **What is Mortgage Rescue?**

Mortgage rescue is a way of preventing home owners losing their homes. In your area this is being paid for in part by the Government and in part by *RSL name*.

There are two different options for rescue, these are known as 'shared equity' and 'Government Mortgage to Rent' both are explained in more detail below. You will only be recommended for the rescue that is most appropriate for you.

Mortgage rescue is not the only way to prevent repossession. Your mortgage lender, the advice agency you have met with and your local council should already have explored a number of these with you.

There are a number of different eligibility criteria for mortgage rescue. As you have been referred to *RSL Name*, you should already have been assessed by your local council as meeting these.

### **Why have I been referred for mortgage rescue?**

You have been referred for mortgage rescue because your local council feel it is the best way to stop you from becoming homeless. Your local council have made this decision based upon information you have given to them and the independent, free, advice agency (for example the Citizens Advice Bureau) that you have met with.

It is important that you have given your local council and advice agency all the information that they have asked for. If there is any information you have missed out (for example on other forms of income or other debts) you should supply this information immediately. Not providing this information may mean that you are missing out on a better, cheaper option.

## **Shared Equity Section**

### **How does it work?**

**RSL NAME** will give you a loan of between 25 and 75 percent of your current mortgage. **RSL name** will tell you the exact amount they are proposing to lend you. You will continue to have to make monthly payments on your remaining mortgage and on the loan to **RSL name**. The total of these will be less than your current monthly payment. If you do not make payments on time for your mortgage or loan you could be at risk of losing your home.

The loan will be secured against your home as an equity loan. This means that the amount you will have to repay is linked to increases in the value of your home. If the value of your home increases you will have to pay more back, however if the value of your home falls, you will still have to repay the original value of the equity loan.

### **How much will it cost me?**

Your outstanding mortgage will be reduced in line with the equity loan. Your mortgage provider will be able to let you know how much your monthly payments on this reduced amount to them will be. In future your payments to your mortgage provider may go up or down depending on the terms of your agreement with them.

As well as mortgage payments, you will have to pay an interest fee 1.75% of the equity loan amount each year. You will have to pay this in monthly instalments, **RSL name** will advise you of exactly how much this will be.

The interest fee payable to **RSL name** will increase by 0.5% more than the rate of increase in the Retail Price Index (RPI - A measure of domestic inflation which tracks the changing prices of goods and services) every year. If the RPI is negative then the increase will be 0.5%. **RSL name** will advise you when and by how much your monthly payment will rise.

### **How will I pay off the equity loan?**

You can pay off the equity loan at any point, either in full or in stages. The minimum repayment that can be made at any time is 10% of the value of your home. Because the loan from **RSL name** is an equity loan

the amount you are required to pay back will increase if the value of your home increases. If the value of your home decreases you will still have to pay back the initial amount lent to you by RSL name. The equity loan will not be repaid if you make no payments over and above the monthly payments you make to RSL name.

### **What happens if I want to sell my home?**

When you sell your home you will have to repay RSL name the full amount outstanding on your loan. The amount payable will be based upon the value of your home at the time you sell it.

### **Do I have to pay for mortgage rescue?**

Other than interest fee payments you do not have to make any cash payment to be rescued. To take part in mortgage rescue, you will have to make a contribution from the equity you have in your home. Equity is the amount of value remaining once the outstanding level of your mortgage(s) is taken away from the value of your home. You will have to make an equity contribution of 3% of the value of the loan that RSL name lends you. For example if RSL name lends you £60,000 you will have to contribute £1,800 in equity.

Your equity contribution will be added to the amount RSL name lends to you and must be repaid if you move or choose to reduce the amount that you owe to RSL name.

### **What happens next?**

RSL name will arrange an appointment for your home to be professionally valued. The valuer will be accompanied by a member of RSL name's staff who will be able to answer any additional questions you may have.

Following the valuation RSL name will make you an offer of an equity loan. This will be the amount of money they are willing to lend you to reduce your mortgage and the percentage of the value of your home that this represents. You will need to consider this carefully and may want to take independent advice. The independent advice agency you have already met with can explain the offer but cannot recommend it to you.

If you decide not to accept the offer you will need to speak to your local council about other options.

If you accept the offer then RSL name will give you a number of forms to sign, that you should read carefully. It could take up to three months from the point of signing of these forms up until the payment of the loan. Whilst you wait for the equity loan to be paid, you must continue to make payments to your mortgage provider. The advice agency you met with will be able to help you negotiate payments that are affordable to you.

Once RSL name has given you the equity loan you will have to make the necessary payments to your mortgage provider and RSL name on a monthly basis or you may be at risk of losing your home. The independent advice agency will be able to help you manage your debts and claim benefits you are entitled to on an on-going basis.

### **Can anything go wrong?**

As you have already been assessed as being eligible for mortgage rescue there should only be three things that could stop mortgage rescue from helping you.

The first is if you decide you no longer want to be helped by mortgage rescue. If you do this you should speak to your local council about other options and tell RSL name.

The second could be if your property is worth less than your local council thought it was when they referred you to RSL name. To be eligible for shared equity mortgage rescue you must have a minimum of 25% equity in your home. Equity is the amount of value remaining once the outstanding level of your mortgage(s) is taken away from the value of your home. If the value of your home has fallen then you may no longer have enough equity to be eligible. If you are no longer eligible for shared equity on this basis you may be eligible for Government Mortgage to Rent.

The third could be if your property needs repairs to make it safe to live in. Once rescued repairs and maintenance to your home will continue to be your responsibility but RSL name will only rescue you if it is safe for you to continue to live in your home. If repairs are needed to make your home safe RSL name will talk to you about how the repairs can be carried out. The cost of repairs could be added to the equity loan that RSL name is giving you or in the form of a loan from your local council. If you cannot agree how to make your home safe to live in, you will be unable to be rescued. If you think there is anything unsafe in your home you should let both RSL name and your local council know.

### **Government Mortgage to Rent Section**

#### **How does it work?**

RSL name will buy your home from you and rent it back to you. The rent that you will have to pay will be 20% cheaper than a private rent but may be more expensive than some mortgages. You may be able to access housing benefit from your local council to help you with the rent. The independent advice agency that you have met with will be able to tell you about the benefits you can claim.

You will have an Assured Shorthold Tenancy from RSL name for your home. RSL name will show you a copy of this agreement when they make an offer for your home, this agreement will set out all the terms and



conditions of your tenancy. The tenancy will be for an initial fixed period of three years but provided you pay your rent on time and keep to other conditions of the agreement you can live there for much longer. If you do not pay your rent on time or otherwise break the conditions of the agreement **RSL name** can evict you from your home.

### **Do I have to pay for it?**

Other than payment of rent you do not have to make any cash payments to be rescued. To take part in mortgage rescue you will have to make a contribution from the equity you have in your home. Equity is the amount of value remaining once the outstanding level of your mortgage(s) is taken away from the value of your home. You will have to make an equity contribution of 3% of the value of your home. For example if your home is worth £150,000 you will have to contribute £4,500 in equity.

Your equity contribution will be taken away from the price that **RSL name** will pay for your home. This means that your equity contribution will give **RSL name** a discount from the true value of your home.

The money that **RSL name** pays for your home must first be used to pay off your existing mortgage and any other debts secured on your home. You should get advice from the independent advice agency about how you could use any remaining money to repay other debts and how this may affect any benefits you may be able to claim.

### **What if I want to buy my home back?**

If at any time you wish to buy your home back you should talk to **RSL name**. It is likely that they will only sell it at its true value at the time; this could be considerably higher than the price they paid for it. You will have no legal 'right' to buy or discount and will have to pay the value of the home at the time to **RSL name** if they choose to sell to you.

### **How is this different from the sale and rent back schemes?**

This mortgage rescue scheme is backed with money from the government and offers you greater safety than other sale and rent back schemes. You should still think carefully about mortgage rescue and decide if it is the best thing to do for you and your family. You may wish to talk to an independent financial advisor about what choices you have, before you make a decision, **RSL NAME** will include some trained IFA contacts within your formal offer.

## **What happens next?**

***RSL name*** will arrange an appointment for your home to be professionally valued. The valuer will be accompanied by a member of ***RSL name's*** staff who will be able to answer any additional questions you may have.

Following the valuation ***RSL name*** will make you a fair offer for your home. This will be the amount of money they are willing to pay for your home and the amount of rent that you will have to pay them if the rescue goes through. At this stage they will also provide you with a copy of their tenancy agreement. You will need to consider their offer carefully and may want to take independent advice. You will need to consider this carefully and may want to take independent advice. The independent advice agency you have already met with can explain the offer but cannot recommend it to you.

If you decide not to accept the offer you will need to speak to your local council and mortgage provider about other options. It is likely that your mortgage provider will try to repossess your home but your local council may be able to help you with temporary or more permanent accommodation.

If you accept the offer then you will need to hire a solicitor to act on your behalf in the sale of your home. ***RSL name*** will provide you with a list of solicitors but you must decide who to use. ***RSL name*** will pay them for the work they do on your behalf. Your solicitor will give you a number of forms to sign, that you should read carefully. The sale of your home could take up to three months once you have chosen a solicitor to act for you. Whilst you wait for the sale to take place you must continue to make payments to your mortgage provider. The advice agency you met with will be able to help you negotiate payments that are affordable to you.

Once your home has been sold to ***RSL name*** you must pay your rent on time and keep to the other conditions of the tenancy agreement or you could be at risk of eviction.

The independent advice agency will be able to help you manage your debts and claim benefits you are entitled to on an on-going basis.

## **Can anything go wrong?**

As you have already been assessed as being eligible for mortgage rescue there should only be three things that could stop mortgage rescue from helping you.

The first is if you decide you no longer want to be helped by mortgage rescue. If you do this you should speak to your local council about other options and tell ***RSL name***.

The second could be if your property is worth less than your local council thought it was when they referred you to ***RSL name***. To be eligible for Government Mortgage to Rent your property must not be in negative

equity by more than 20%. Equity is the amount of value remaining once the outstanding level of your mortgage(s) is taken away from the value of your home. If the value of your home has fallen this you may no longer have enough equity to be eligible. If you are no longer eligible for Government Mortgage to Rent your local council will talk to you about other options available to you.

The third could be if your property needs repairs to make it suitable to live in. If your home needs a lot of repairs to make it suitable to live in then you may not be able to be rescued. If you think that your home needs any repairs to make it suitable to live in you should tell both ***RSL name*** and your local council. Once rescued repairs and maintenance to your home will be the responsibility of ***RSL name***. In the meantime you must continue to carry out essential repairs to your home.

## **DOCUMENT SEVEN - PRO FORMA FOR INSTRUCTION TO VALUER**

Name
Address
Post Code
Phone number/s
Type of survey
Other information regarding applicants or property
Date of referral

**DOCUMENT EIGHT - PRO FORMA – INSTRUCTION FOR EPC**

Name
Address
Post Code
Phone number/s
Type of survey
Other information regarding applicants or property

Date of referral

**DOCUMENT NINE - HCA PROPERTY CAP REFERRAL FORM**

Date

RSL Contact Name	
Contact telephone number	
Email	

Referring Local Authority	
Address	
Property price	
Required Grant	
Reason for household wishing to stay in current property	

## **DOCUMENT TEN – WITHDRAWAL LETTER**

Dear

Re - Mortgage Rescue – Address

We are writing to inform you that unfortunately your mortgage rescue application has been declined because [delete as appropriate]:

- The value of your property is too high and therefore doesn't meet the criteria of the Mortgage Rescue Scheme
- The cost of the repair works to your home are too high
- Your lender has refused our offer to clear your mortgage so we are unable to proceed.

As a result we have now closed your case.

If you would like any further information, please contact your local authority representative or myself directly.

**Kind Regards**



**DOCUMENT ELEVEN - TEMPLATE – STANDARD INSTRUCTION TO SYNDICATED RSL AND SIGN OFF FORM**

Name of Applicant
Local Authority area
Address
Post Code
Phone number/s
RSL Officer name
Valuation Purchase Price
Other information regarding applicants or property
Date of referral

**Syndicated RSL to complete and Return**

Asset Management survey complete	Yes/No
Total Cost of works	£
Internal Sign off	Yes/No
RSL wishes to proceed with Purchase	Yes/No

**DOCUMENT TWELVE A - TEMPLATE – OFFER TO 1<sup>ST</sup> CHARGE HOLDER**

Direct Line:  
Email:

Date

**For the Urgent Attention of 'mortgage rescue champions name and company)**

Dear

**RE: - Name of Applicant – Address**  
**Acc –**

I refer to the above mentioned Mortgage Rescue case and I am pleased to advise that **RSL Name** are able to make an Offer of **£xxxxxx**

**This is subject to property condition survey.**

**The Valuation report is attached**

I would be most grateful if you would confirm that your organisation are agreeable to this figure at your earliest convenience as this case will shortly be with the Association's Solicitors and can then proceed to exchange and completion within 4 weeks.

Yours sincerely

RSL Sign off

**DOCUMENT TWELVE B - TEMPLATE OFFER TO 2<sup>ND</sup> CHARGE**

Direct Line:  
Email:

Date

**For the Urgent Attention of 'mortgage rescue champions name and company'**

Dear

**RE: - applicant name and address**

**Account -**

I refer to the above mentioned Mortgage Rescue case and I can advise that **RSL NAME** are able to make an offer of **£xxxxxx**

This is subject to the 1<sup>st</sup> charge acceptance and pending property conditions survey.

**The Valuation report is attached.**

I would be most grateful if you would confirm that your organisation is agreeable to this figure at your earliest convenience as this case can then progress to the Association's Solicitors and can proceed to exchange and completion within 4 weeks.

Yours sincerely

RSL sign off

**DOCUMENT THIRTEEN - TEMPLATE – STANDARD UPDATE FORM**

<u>Name of Applicant</u>	
<u>Address</u>	
<u>Estimated Value by LA</u>	
<u>Actual Value</u>	
<u>Type of Rescue</u>	<u>GMtR/SE</u>
<u>Offers</u> <u>1<sup>st</sup> Charge</u> <u>2<sup>nd</sup> Charge</u> <u>3<sup>rd</sup> Charge</u>	
<u>Request for Homelessness prevention fund contribution</u>  <u>Amount</u>	<u>Yes/No</u>
<u>Decent homes survey instructed</u>	<u>Yes/No</u>
<u>Date</u>  <u>Signed</u>	

**DOCUMENT FOURTEEN - TEMPLATE - PRO FORMA ASSET  
MANAGEMENT SURVEY**

Name of Applicant
Address
Post Code
Phone number/s
RSL Officer name
Other information regarding applicants or property
Date of referral

**DOCUMENT FIFTEEN - TEMPLATE- FORMAL OFFER – GMTR**

Date

Dear

**Mortgage Rescue – Offer for Government Mortgage to Rent  
Subject to Contract**

**Approval of Eligibility – and next steps**

Your application to take part in the Mortgage Rescue Scheme via the **Government Mortgage to Rent** route has been approved by **RSL NAME**. On receipt on this letter you enter into an 8 day cooling off period. **RSL Name** must receive a written acceptance or rejection to your offer by **Add cut off date**.

**RSL Name** will purchase the property as per the Open Market Valuation of £xxxxxxx less the owner contribution of £xxxxx the owners contribution is not a cash contribution it is deducted from the price/equity of the property.

**RSL NAME** will issue an assured short-hold tenancy for three years to enable you to remain in the property

**RSL Name** have also had a technical report carried out on your property, the below works have been highlighted as necessary in order for us to purchase your property. By accepting the offer of mortgage rescue in writing you are also giving consent to the RSL for these works to be carried out. Work should start at least 6 weeks after completion.


RSL NAME is responsible for the cost of all the above works on the property.

I have enclosed for your information a draft Assured Short-hold Tenancy purely for your information only, however if you have any queries or concerns please do not hesitate to contact me on my direct dial number of xxxx xxx xxx. I can advise you that the monthly rent will be £xxxxx.

Your next steps are as follows, you must instruct a solicitor to act on your behalf, the mortgage rescue scheme is complex therefore we have trained a selection of solicitors,

their details can be found below. If you choose to use a solicitor recommended below RSL NAME will cover the full cost of your solicitor; you are entitled to use a solicitor of your choice, however we will only contribute £xxx towards the legal costs, therefore you must be able to cover any further costs relevant to selling your home.

You are also entitled to speak to a qualified financial advisor to gain some impartial financial advice regarding this offer; the cost of this interview is covered by RSL NAME if you use one of the trained companies listed at the end of this letter. As above if you would like to speak to another financial advisor, RSL NAME will pay £xxx pounds towards the costs incurred; you are responsible for any other costs.

If you require any further information or assistance, please do not hesitate to contact me.

Yours sincerely

**Panel of Solicitors**

**X 3 firms**

**IFAs**

**X 3 firms**

**DOCUMENT SIXTEEN – MORTGAGE RESCUE Q&A LEAFLET FOR APPLICANTS: PRODUCED BY CLG**

A copy of this leaflet, including instructions on how to order it, has previously been issued to RSLs. If you would like to receive this information again please email the HCA central team.

**DOCUMENT SEVENTEEN – ACCEPTANCE/DECLINE OF GOVERNMENT MORTGAGE RESCUE FORMAL OFFER DECENT HOMES WORKS**

Applicant –Government Mortgage Rescue Acceptance/Decline Form

Please delete as appropriate and return to

RSL Name and Address

Property Address –

Names –

I/we can confirm that we have received and read the government mortgage rescue formal offer.

I/we can confirm that I/we do/do not agree for the Decent Homes works listed in the Government Mortgage Rescue Formal offer to be carried out by (insert RSL Name)

Print Name \_\_\_\_\_

Sign Name \_\_\_\_\_

Print Name \_\_\_\_\_

Sign Name \_\_\_\_\_



**DOCUMENT EIGHTEEN - TEMPLATE – SOLICITOR INSTRUCTION FORM  
– MORTGAGE RESCUE**

<b>Mortgage to Rent</b>	
Address:	Sellers Name:
Purchase Price: Valuation:(copy attached Y/N) Yes Monthly rental figure: Offers to lenders attached Y/N	Solicitor details: Name: Address: Telephone: Contact:
Special Instructions	

## DOCUMENT NINETEEN – SAMPLE ASSURED SHORTHOLD TENANCY

This tenancy agreement has been provided by Great Places group as an example, which RSLs can adapt for their own organisation. RSLs are under no obligation to use this agreement, and it is not endorsed by the HCA.

# ASSURED SHORTHOLD TENANCY AGREEMENT

## 1. THE TENANCY

1. This is an Assured Shorthold Tenancy Agreement between

..... (the 'Tenant')

and **s. 40(2)** (the 'Association')

2. **Address of tenancy** (the 'Premises')

.....  
.....

3. **Date of Commencement of Assured Shorthold Tenancy**

.....

The rights and duties of both parties are set out in this Agreement.

**Please read this Agreement carefully.**

4. This is an Assured Shorthold Weekly Tenancy within the meaning of Section 19A of the Housing Act 1988 (as amended by the Housing Act 1996) and not an Assured Tenancy. This tenancy is for a fixed term of three years from the date of commencement stated above.

Where the Tenants are joint tenants, the term 'Tenant' refers to both or all parties.

5. **Please keep your copy of the Agreement in a safe place.**

---

(a) <b>s. 40(2)</b>
<b>[REDACTED]</b>
<b>[REDACTED]</b>
<b>[REDACTED]</b>
<b>[REDACTED]</b>

s. 40(2)

6. The Association and the Tenant agree that the provisions of the Contracts (Rights of Third Parties) Act 1999 will not apply to this Agreement. This means that none of its terms can be enforced by a person who is not the Tenant or the Landlord.
7. By entering into this Agreement the Tenant consents to the Association disclosing any relevant personal sensitive data to certain third parties who are able to show that they are entitled to receive this information. Any such disclosure will be in accordance with the Data Protection Act 1998 or such other relevant legislation and the Association's policies on disclosure of information and confidentiality.

## 2. THE ASSOCIATION'S DUTIES

- Possession** To give the Tenant possession of the Premises at the commencement of the tenancy.
- Tenant's Right To Occupy** Not to interrupt or interfere with the Tenant's right to peacefully occupy the Premises except where:
- (i) Access is required to inspect the condition of the Premises and furniture, where provided, or to carry out repairs or other works to the Premises (including improvement works) or adjoining Premises; or
  - ii) A Court has given the Association possession by ending the tenancy.
- Security Of Tenure** For as long as the Tenant (or any one of them) occupies the Premises as their only or principal home, this Agreement is an Assured Shorthold Tenancy. This means that the Association cannot recover possession of the Premises without a Court Order.
- Grounds For Possession** Whilst this tenancy remains an Assured Shorthold Tenancy, the County Court may only grant a Possession Order to the Association in one or more of the following circumstances.
- The Tenant has been served with a Notice served pursuant to S21(4) Housing Act 1988 (as amended) giving the Tenant at least 2 months' notice that possession is required. Such a notice cannot take effect until the 3 year fixed term of this tenancy has expired; or
  - on one or more of the grounds for possession summarised below. The Court will make an order on such grounds only if the Association has served a written notice which complies with certain legal requirements or, in certain circumstances, the Court deems it just and equitable to dispense with such service. A summary of the grounds are set out

below :-

1. The Tenant fails to pay rent to the Association.
2. The Tenant has persistently delayed in paying rent to the Association.
3. The Tenant breaks any conditions of the tenancy.
4. The Tenant or any person living at the Premises damages or fails to look after the Premises or any common parts.
5. The Tenant or anyone living with or visiting the Tenant is responsible for any of the following:
  - i) A nuisance or behaviour likely to cause a nuisance to adjoining occupiers or other neighbours, including the surrounding neighbourhood,
  - ii) Using or allowing the Premises to be used for immoral or illegal purposes,
  - iii) Causing harassment due to race, colour, sex or disability,
  - iv) Performing any action which interferes with the peace, comfort or convenience of others,
  - v) Distributing from and/or using illegal drugs on the Premises or in the locality,
  - vi) Committing acts of violence or threatening behaviour to Association employees / agents.
  - vii) Committing an indictable offence in the locality of the Premises.
6. The Tenant has used or threatened to use violence to another member of the household.
7. The Tenant, anyone living with or visiting the Tenant causes damage to any furniture which the Association has provided.
8. Suitable alternative accommodation is available to the Tenant and the Association wishes to regain possession of the Premises:
  - i) Where the Premises are legally overcrowded.
  - ii) Where the Association requires the Premises to redevelop, rehabilitate or to do work.
  - iii) Where succession results in the Premises being under occupied.
  - iv) Where specially designed accommodation is no longer

required by the occupant.

9. If the Association needs to gain possession in order to demolish, redevelop, rehabilitate or to work in the Premises.
10. Where a person has succeeded to a tenancy under the Will or Intestacy of the Tenant and the Association seeks possession within twelve (12) months of the death of the Tenant.
11. Where the Tenant is eight (8) weeks or two (2) months or more in arrears with paying rent at the date of service of the Notice Of Seeking Possession and at the date of hearing.
12. Where false information is knowingly provided at the time of application for the tenancy by the Tenant or someone acting on the Tenants' behalf .

The Tenant will be given a notice which explains the reasons why the Association wishes to obtain possession, on one or more of the grounds in Schedule 2 of the Housing Act 1988. This gives a date after which court proceedings for possession may start.

The Association may give a notice to take immediate effect in the circumstances listed under 5 above.

The Association will otherwise normally give a minimum period of notice of twenty eight (28) days except for the circumstances listed in 8, 9 and 10 where two (2) months will apply.

The Court shall not make an order for possession to the Association in any of the circumstances listed in 1, 2, 3, 4, 5, 6, 7, 8 and 12 above, unless it is considered reasonable.

The Court must make an order for possession to the Association where possession is in the circumstances listed in 9, 10 and 11 above.

The Association will meet the Tenant's necessary removal expenses where 9 and 10 are applied.

24.1 Net Rent

The Association may increase (or decrease) the rent by giving the Tenant not less than 4 (four) weeks notice in writing in accordance with the provisions of this Agreement.

The notice will specify the new net rent payable (which shall not exceed 80% of the open market rent for an equivalent property in the same area) and any additional payment for service charges and furniture charges, where applicable. These may be varied each year in accordance with the provisions of this Agreement.

24.2 Rent Variation Date

The net rent payable will be reviewed as from the first Monday in April which falls after the commencement of this Agreement and on each first Monday in April in each subsequent year thereafter for so long as this Agreement subsists (this is known as the 'Rent Variation Date').

- 24.3
- 24.4 Services The services provided by the Association are set out in this Agreement. The service charge is an additional payment to the net rent which shall be a fair proportion of the costs incurred or likely to be incurred in the provision of services each year. The Association reserves the right to vary or withhold the provision of services during the period of this tenancy. The Association will notify the Tenant of the proposed variations asking for the Tenant's comments. These will be considered before making any changes.
- 24.5 Furniture Where provided, the Association agrees to provide the furniture detailed on the Inventory Schedule to this Agreement, for which the Tenant shall pay a furniture charge as set out in the 'Total Weekly Payment'.
- The furniture charge shall be reviewed on the rent variation date on the basis of costs incurred using the previous accounting period and any reasonably anticipated or known increases in costs.
- 24.6 Local Taxes If local tax is collected with the rent, any increase will take effect immediately. The Association will give reasonable notice of any local tax increase as soon as possible.
- 24.7 Other Charges The Association will pay to the respective local authority and water authority any amounts due to them and collected from the Tenant by way of other charges.
- 24.8 With the exception of any changes in Net Rent, Local Taxes, Services and Furniture, this Agreement may only be altered in writing of both the Tenant and the Association.
- 24.9 Changing This Agreement
- 24.10 The Association shall:
- 24.11 Repairs
1. Keep in repair the structure and exterior of the Premises including;
    - \* Drains gutters and external pipes
    - \* The roof
    - \* Outside walls, outside doors, window sills, sash cords, glazing putty, window frames, catches and glass, including necessary painting and decoration.
    - \* Internal walls, skirting boards, doors and door frames, floors, ceilings and plasterwork, but not including decoration of these.
    - \* Chimneys and chimney stacks and flues but excluding the sweeping of chimneys and flues.
    - \* Pathways, steps and other means of access.

- 24.12                    2. Keep in repair and working order the installations for room heating, water heating and sanitation and for the supply of water, gas and electricity, including;
- \* Basins, sinks, baths, toilets flushing systems and waste pipes.
- 24.13                    \* Electrical wiring, gas pipes and water pipes.
- \* Water heaters, fire places, fitted fires.
  - \* Sockets and light fittings.
  - \* The Association will comply with the Gas Safety Regulations.
- 24.14                    3. In the case of flats and other Premises with common parts the Association shall take reasonable care to keep the common entrance halls, stairways, lifts, passageways and other common parts in reasonable repair and to keep the lighting of these areas in working order.
- The Association will be liable for the cost of repairing the above only if, in the opinion of the Association, they fall out of repair through no fault of the Tenant and provided they were fitted prior to the tenancy or by the Association during the tenancy.
- 24.15    Right To    Each Tenant has the right to check the accuracy of some of the information the Association holds about their tenancy. This is:  
Check  
Informatio  
n
- 24.16                    i) Any information stored on the Association's computer.
- 24.17                    ii) Any information the Tenant has given the Association, for example their application form.
- 24.18                    If a Tenant wishes to look at this information they should contact their Housing Officer. The Association will normally require fifteen (15) working days notice. Identification will be required before information can be released.
- 24.19    Data            The Association will comply with the Data Protection Acts and hold all information about the Tenant in confidence, save that  
Protection  
Acts                    information held on record concerning the conduct of the tenancy which may be disclosed to other Landlords, the Police or the Benefits Agency.
- 24.20    Resident's        The Association will provide the Tenant with information on housing  
Charter              management policies as required by the guidance issued by the Housing Corporation (or any successor body) known as the 'Assured Tenants Charter' or such other guidance issued from time to time.

### 3. THE TENANT'S DUTIES

- 24.21 Possession **To take possession of the Premises at the commencement of the tenancy and not to part with possession of the Premises or sub-let the whole of it.**
- 24.22 Right To Occupy To occupy the Premises as his or her only or principal residence. The Tenant must give up the tenancy if it no longer is his or her principal residence.
- 24.23 Rent To pay the rent. The rent week begins on Monday. Regular and prompt payment of rent is to be made weekly in advance.
- 24.24 Service Charge To pay the service charge. Where services are provided with the Premises, an additional payment to the net rent must be paid regularly and promptly by the Tenant as a service charge.
- 24.25 Furniture Charge To pay the furniture charge. Where furniture is provided with the Premises, an additional payment to the net rent must be paid regularly and promptly by the Tenant.
- 24.26 Repairs To tell the Association of any repairs which are the Association's responsibility. The Tenant must allow the Association's staff and contractors access to carry out it's repair duties. The Association must give the Tenant reasonable notice where access is required except in emergencies. This will be at least 24 hours.
- To replace or repair any fixtures or fittings, (such as locks and keys, hinges, tap washers, glass in doors and windows) or furniture (if provided), which require attention due to the misuse by the Tenant or any invited visitors to the Premises.
- 24.27 The Tenant should keep all baths, sinks and cisterns, sanitary fittings and drains clean and unblocked. The Tenant is responsible for the repair of all furniture provided, except routine maintenance of appliances.
- To pay the cost of any work outlined above which has been carried out by the Association at the Tenant's request, or as a result of the Tenant's failure to maintain, including replacing damaged or missing furniture.
- 24.28 Decoration To keep the internal decoration of the Premises in a good and clean condition.
- 24.29



- 24.30 Common Parts In properties with two or more flats, the Tenants have a joint responsibility to keep the hall, stairway, landing, basement and any other shared areas, clean and free from obstruction. This is to be arranged and agreed between the Tenants.
- Tenants are responsible for keeping outside areas tidy and for maintaining gardens and paths in good order. If Tenants cannot agree their responsibilities, the Association will determine them and inform the Tenants in writing. The Association's decision will be binding.
- 24.31 Access **Where services are provided, the Tenant must allow access for** the Association's employees/agents to provide these services.
- 24.32 Residential Use To use the Premises for residential purposes only and not to run a business from the Premises.
- 24.33 Vehicle Repairs & Parking Major vehicle repairs should not be undertaken on or in the vicinity of the Premises. The Tenant should not park an illegal or unroadworthy vehicle in the vicinity of the Premises.
- 24.34 Gardens & External Areas The Tenant must maintain and keep tidy any garden or external area let with the Premises, including driveway or hardstanding area. In the event that the Association has cause to carry out work to maintain garden or external areas, the Tenant may be liable for any costs incurred.
- 24.35 Furniture **Where furniture is provided, the Tenant must take all reasonable** precautions to ensure that all of the items detailed on the Inventory Schedule remains at the Premises and in good repair and condition. The Tenant must ensure that no items belonging to the Association are removed and/or destroyed or damaged. The Association shall require any furniture removed from the Premises to be replaced at the Tenant's expense.
- 24.36 Assignments & Exchanges Not to assign the tenancy unless as a result of a Court Order
- 24.37 Assured Sub Tenancies The Tenant is not allowed to grant an assured sub tenancy to both the whole or any part of the Premises.

- 24.38 Racial & Other Harassment  
**The Tenant must not commit or allow members of his/her** household or invited visitors to commit any form of harassment on the grounds of race, colour, religion, sex, sexual orientation, disability or harass any other person by doing anything which may interfere with the peace and comfort of, or cause offence to, any other Tenant, members of his/her household, visitors or neighbours or the Association's employees/agents.
- Examples of harassment include: racist behaviour or language; using or threatening to use violence; using insulting words or behaviour; damaging or threatening to damage another person's home or possessions; writing threatening, abusive or insulting graffiti; doing anything which interferes with the peace, comfort or convenience of other people.
- 24.39 Drugs/Illegal Substances  
 The Tenant, member of his or her household or any other invited visitor shall not contravene the Misuse of Drugs Act 1971 or any other statutory order at the Premises or in the locality. They therefore agree not to supply or possess a controlled drug in the Premises or in the locality or use the Premises in connection with these activities.
- 24.40 Nuisance  
 The Tenant must not cause, or allow members of his/her household or invited visitors to cause, or do anything likely to cause a nuisance or annoyance to neighbours, other Tenants of the Association or the Association's employees/agents nor use the Premises or locality for illegal or immoral purposes. A conviction for an indictable offence is a nuisance.
- Examples of nuisance include: loud music; arguing and door slamming; dog barking and fouling; playing ball games close to someone else's home.
- Violent & Threatening Behaviour**  
**The Tenant or members of his/her household or invited visitors** must not commit any act of violence or threatening or abusive behaviour to other Tenants, members of his/her household, visitors, neighbours or the Association's employees/agents.
- 24.41 Offensive Weapons  
 The Tenant or members of his/her household or invited visitors must not allow weapons of any description to be kept or used on the Premises. The Tenant or members of his/her household or invited visitors must not use or keep the same, nor use any item not generally classified as an offensive weapon or in a threatening or aggressive way.
- 24.42 Noise  
**The Tenant must not cause or allow any noise which might cause** a nuisance or annoyance to neighbours or can be heard outside the Premises.

- 24.43 False Information  
The Tenant or someone acting for the Tenant, must not give false information when applying for this tenancy. If false information is given, this will constitute a breach of this tenancy.
- 24.44
- 24.45 Pets  
**The Association's prior written consent (which will not be unreasonably refused) is needed for any animal**  
(other than a caged bird), to be kept on the Premises.
- 24.46 Paraffin & Mobile Gas Heaters  
For reasons of safety, no paraffin or gas mobile heaters should be used or stored on the Premises.
- 24.47 Moving Out  
The Tenant may not give notice to end this tenancy until at least 6 months after the date of commencement of this tenancy. After the first 6 months of the tenancy, the Tenant must give the Association at least one month's notice in writing if they wish to end the tenancy.. The keys must be returned to the Association's office on the last day of the tenancy. Where keys are not returned the Tenant will still be liable for rent and/or mesne profit.
- The Tenant must give vacant possession and leave the Premises and furniture, where provided, in good, clean condition. The Tenant will be charged for any redecoration or repair work for which they are liable. The Association accepts no responsibility for anything left at the Premises by the Tenant at the end of the tenancy.

#### 4. THE TENANT'S RIGHTS

- 24.48 Right To Occupy      **The Tenant has the right to occupy the Premises without** interruption or interference from the Association for the duration of this tenancy except when access is reasonably required by the Association.
- 24.49 Security Of Tenure      The Tenant has security of tenure as an Assured Shorthold Tenant so long as he/she occupies the Premises as his/her only principal home and subject to the provision of Section 1(6). If the Tenant chooses to leave the Premises as his/her principal home he/she loses their security and the Association will give four (4) weeks notice ending the tenancy.
- 24.50
- 24.51 Grounds For **Possession**      **The Association cannot recover possession of the Premises unless** the County Court grants a possession order to the Association on one or more of the circumstances set out under the 'Association's Duties' in this Agreement.
- 24.52
- 24.53 Succession      On the Tenant's death, (provided the Tenant is not a successor) the tenancy will pass to the Tenant's spouse, civil partner or partner provided that he/she was occupying the Premises as his/her only or principal home with the Tenant at time of the Tenant's death. If the tenancy does not pass to such a person, the tenancy may pass by succession to another member of the Tenant's family who lived with the Tenant for at least twelve (12) months immediately before the Tenant's death or had been looking after the Tenant or accepts responsibility for the Tenant's dependants and would be made homeless if required to vacate the home. For the purpose of this Agreement, a successor will be
- a) someone who has succeeded to this tenancy under the provisions of the Housing Act 1988, or under this tenancy agreement
  - b) a person to whom the tenant has assigned this tenancy, in accordance with this agreement
  - c) a person who was a joint tenant and becomes a sole tenant
- 24.54 Right To Repair      Where the Association repeatedly fails in it's duty to carry out qualifying repairs, (at the discretion of the Association), the Tenant may, with appropriate formal notice, be entitled to compensation to a maximum determined by the Association.
- The Tenant may also have the right to repair their own Premises. Permission in writing must be obtained from the Association before any work is done under the Housing Act 1985 Right to Repair Scheme. The Association will co-operate all it can with those Tenants wishing to use the Right to Repair Scheme. There are a number of exceptions to scheme and permission cannot be given in all cases.

- 24.55 Consultation **The Association will consult Tenants and consider their views** before making changes in matters of housing management or maintenance that are likely to substantially affect them.
- 24.56 Information The Association will inform Tenants about the terms of their tenancy, the Association's repairing obligations and policy and procedures on Tenant consultation, housing allocation and transfers.
- 24.57

## 5. GENERAL TERMS

- 24.58 Rent In this Agreement the term 'Rent' refers to the weekly sum of rent payable net of other charges due in advance on a Monday.
- 24.59 Rent Variation Date In this Agreement, the term 'Rent Variation Date' refers to the increase in rent that will occur each year not before the first Monday in April with 4 (four) weeks prior notice.
- 24.60 Services The services provided with the Premises are set out in this Agreement.
- 24.61 Service Charge Where services are provided by the Association, an additional payment to the net rent must be paid by the Tenant as a service charge.
- 24.62 Furniture Charge Where furniture is provided by the Association, an additional payment to the net rent must be paid by the Tenant.
- 24.63 Variable Service Charge In this Agreement the Service Charge may be altered every 12 months with the reasonable annual cost of services calculated by the Association. The service charge will only be altered if more or less than the reasonable cost of services provided has been paid. The amount paid by a Tenant over or under this reasonable cost will be taken into account when assessing the new service charge.
- The Association will give four (4) weeks notice in writing before there is any change in the service charge.

Tenants of the Association have the right to see how the service charge is made up. The Association will give a summary of the costs within six months of the end of the period to which they apply, or within one month of the request, whichever is the later. This summary will be certified by a qualified accountant who does not work for the Association.

Tenants' not satisfied with the summary of the costs may ask to see the Association's accounts, receipts or other papers. This must be done within six months of receiving the summary. If Tenants do not think the Association is providing value for money, the Leasehold Valuation Tribunal may be asked to decide.

24.64 Complaints

The Association hopes that there will be no complaints about the service received from the Association. If there are however, these should be first addressed to a Housing Officer.

If the problem is unresolved, the Tenant can take the complaint further by either

24.65

- the Tenant, or an advocate acting on their behalf, making the complaint in writing or
- by telling the person originally dealing with their complaint that they wish to take the complaint further.

24.66

A Housing Manager will offer to meet the Tenant. The Tenant has the right to be accompanied at this meeting by a person of their choosing. The complaint will be investigated and appropriate action taken. The Tenant will be given a written response to the complaint within five (5) working days.

24.67

If the Tenant remains dissatisfied, the complaint can be referred to the Association's Complaints Appeals Panel. This can be done by the Tenant, or their advocate, writing to the Association's Chief Executive. A written response should be provided within ten (10) working days.

24.68

*If the complaint remains unresolved, the Tenant can write to the Independent Housing Ombudsman Service. The contact address is available from Housing Officers or from any Association Office.*

24.69

There are a number of other organisations or persons independent of the Association who may also be contacted. These include the Citizens' Advice Bureau, Local Councillors and Members of Parliament. A list of appropriate addresses is available from Housing Officers or from any Association Office.

24.70 Notification of Landlord Address For Service Of Notices

The Association hereby gives notice pursuant to section 48 (1) of the Landlord and Tenant Act 1987, that the address for service of notices, (including notices in proceedings) is as follows:

24.71

s. 40(2)

24.72 Delivery of Notices To The Tenant

The Association will take reasonable steps to serve any notice personally on the Tenant, including Notice to Quit. In the absence of personal service, any notice, request in writing or consent issued regarding the tenancy will be considered to have been served on the Tenant if it was addressed to the Tenant and delivered by hand or sent by post to the Tenant's last known address.

**ASSURED SHORTHOLD TENANCY AGREEMENT - TENANT'S COPY**

The total weekly rent for the Premises shall be from.....

Address of Tenancy (Premises) .....

Comprising : .....

<b>Total Weekly Rent:</b>		<b>Services provided: (including Schedules)</b>
Net Rent	£	.....
Service charge	£	.....
Total Rent	£	.....

**HOUSEHOLD**

The following are included in the household living at the Premises (include Tenants)

Surname	First name	M/F	D of B	Relationship to Tenant

**TO BE SIGNED BY THE TENANT(S) AND THE ASSOCIATION**

By signing this Agreement, the Tenant acknowledges they have read and accept these conditions set out above. **I/We accept the offer of this tenancy on the terms and conditions as contained in this Assured Shorthold Weekly Tenancy Agreement.**

Signed 1 .....

Signed 2 .....

This Agreement must be signed by all parties to a joint tenancy.

Signed .....

Date..... (On behalf of the Association)

**Please keep your copy of the Tenancy Agreement in a safe place**

Office Use Only	ACC. No .....
--------------------	---------------

The Premises which are the subject of this tenancy are held by a charity which is an exempt charity.

**ASSURED SHORTHOLD TENANCY AGREEMENT - FILE COPY**

The total weekly rent for the Premises shall be from.....

Address of Tenancy (Premises) .....

Comprising : .....

<b>Total Weekly Rent:</b>		<b>Services provided: (including Schedules)</b>
Net Rent	£	.....
Service charge	£	.....
Total Rent	£	.....

**HOUSEHOLD**

The following are included in the household living at the Premises (include Tenants)

Surname	First name	M/F	D of B	Relationship to Tenant

**TO BE SIGNED BY THE TENANT(S) AND THE ASSOCIATION**

By signing this Agreement, the Tenant acknowledges they have read and accept these conditions set out above. **I/We accept the offer of this tenancy on the terms and conditions as contained in this Assured Shorthold Weekly Tenancy Agreement.**

Signed 1 .....

Signed 2 .....

This Agreement must be signed by all parties to a joint tenancy.

Signed .....

Date..... (On behalf of the Association)

***Please keep your copy of the Tenancy Agreement in a safe place***

Office Use Only	ACC. No .....
--------------------	---------------

The Premises which are the subject of this tenancy are held by a charity which is an exempt charity.

**s. 40(2)**



**DOCUMENT TWENTY – ACCEPTANCE/DECLINE OF GOVERNMENT MORTGAGE RESCUE FORMAL OFFER**

Applicant –Government Mortgage Rescue Acceptance/Decline Form

Please delete as appropriate and return to

RSL Name and Address

Property Address –

Names –

I/we can confirm that we have received and read the government mortgage rescue formal offer.

i/we can confirm that i/we do/do not wish to accept the offer of mortgage rescue

Print Name \_\_\_\_\_

Sign Name \_\_\_\_\_

Print Name \_\_\_\_\_

Sign Name \_\_\_\_\_

**DOCUMENT TWENTY ONE-COMPLETION HANDOVER TEMPLATE TO SYNDICATED RSL**

<b>MORTGAGE RESCUE</b>					
<b>Local Authority:</b>					
<b>Scheme Type</b>	<b>Mortgage to Rent</b>				
<b>Name: Applicant 1</b>				<b>D.O.B</b>	
<b>Applicant 2</b>				<b>D.O.B</b>	
<b>Property Address:</b>					
<b>Postcode:</b>					
<b>Telephone no: Mobile:</b>					
<b>Who else Lives at this Address:</b>		<b>Relationship to App:</b>			
<b>Market Rent:</b>					
<b>Service Charge:</b>					
<b>Expected Date of Exchange</b>					
<b>Expected Date of Completion</b>					
<b>EPC Instructed/attached</b>					
Valuation					
Works costs					
HCA Grant					

**DOCUMENT TWENTY TWO - TEMPLATE – INTRODUCTION LETTER TO APPLICANT – MORTGAGE TO RENT**

**Direct Line:**

Date

Dear

RE: Mortgage Rescue Completion – Address

The Mortgage Rescue Team would like to introduce i you to RSL NAME and confirm that legal completion took place on XX/XX/XX

You will now be responsible for rental payments from the date completion took place, your **RSL NAME Housing Management** will arrange for a direct debit form to be completed or discuss other methods of payment. If you are relying on housing benefit then you will need to speak with your Local Authority to complete the necessary forms.

The Works listed in your formal offer letter will commence between 1 and 6 weeks after completion took place, you will be contacted by **RSL NAME** Property Services department who will advise you of the date works will start.

We would like to take this opportunity of wishing you all the best for the future.

Kind regards

## DOCUMENT TWENTY THREE MRS TENANCY SIGN UP CHECK LIST

This is an example check list which RSLs could use when signing up tenancy agreements with Mortgage Rescue households. While many RSLs have their own check lists, this one has been specially developed for Mortgage Rescue tenants, as many of them are unlikely to have been tenants previously.

**Deposit** – there is no deposit payable for MRS tenants

**Rent:-**

- Explain the level of market rent less the 20% reduction
- How to claim housing benefit – form filling, verification, and potential referral to local advice centre for benefits check
- How to pay rent – payment monthly in advance, explain standing order set up or other rent collection arrangements – explain where HB to be paid direct to RSL
- Outline the consequences of not paying rent – explain Housing Act 1988 grounds for rent arrears which may be used:

Ground 8 – where a tenant owes either 8 weeks or two months rent – this is a mandatory ground which if proved at the time of going to court means that the judge will have no discretion to allow a suspended order. An RSL would be expected to have exhausted all other alternatives before using this ground and only to use it in line with its stated policies on using this ground

Ground 10 – this is a discretionary ground – where there are some rent arrears

Ground 11 – a discretionary ground where the tenant has persistently delayed paying the rent

Rent arrears pre action protocol - explain that there is a pre-action protocol covering all social landlords which means that they must only take action for rent arrears where they have failed to negotiate an agreement with the tenant, or the tenant has not kept to an agreement or been in contact with the landlord. The protocol also expects that where arrears have arisen from HB delays, the RSL will offer advice and assistance before taking action. They must also offer support to households with vulnerable members.

**Service Charges** - Explain any service charges – how are they calculated – when are they due, any eligibility to include within housing benefit claim

**Occupation** – explain the maximum the occupation levels and overcrowding rules

Where there may be under occupation in future explain any impacts on housing benefit and referral to a rent officer for decisions – explain where future significant over or under occupation the tenant may be able to apply for a transfer or seek an exchange. Explain the RSLs policy on transfers and exchanges for AST tenants. Where an MTR household subsequently needs to downsize or may need to transfer to a larger property the RSL will decide each case on its merits and liaise with the relevant LA around securing other alternative accommodation.

**Tenancy term** – outline what the minimum period of 3 years means – that the tenancy is indefinite for the household so long as they do not breach the tenancy agreement. Explain if the RSL has a policy of converting an Assured Tenancy after the three years and any implications in doing so, for example changes to rent.

**Rent variations** – explain that the rent will be reviewed every 12 months in accordance with the organisation’s policy. Where rents are to increase the RSL will give notice. If the household thinks the rent increase is excessive they will need to use the RSLs internal review process. If they cannot resolve the issue via the internal process, they could make a complaint to the housing ombudsman or go to a leasehold valuation tribunal.

**Service charge variations** – these will be reviewed annually to ensure they are covering service charge costs – any increase will be informed via notice to the tenant and can be challenged is deemed excessive

Where the property is part of a block of flats there may be a service charge payable direct to the management company of the building – any changes to these will be made by the company not the RSL.

**Repairs to the structure and external parts** – the RSL has full responsibility for repairs and external painting which will be carried out in a standard cycle (the precipitant RSL should explain their policy on cyclical repairs). The RSL has responsibility to ensure the house meets the Decent Homes Standard

Where the property is part of a block of flats then the management company will have responsibility for the repairs of the common parts and external repairs.

The tenant has a responsibility to allow reasonable access to the property for the RSL to carry out any repairs or maintenance – failure to do so may be considered a breach of the tenancy and result in action

Explain the relevant policy and response standards for repairs and provide details of repairs team contacts and out of hours contact centres for emergency repairs out of hours.

**Common parts and fixtures and fittings** – the RSL has a responsibility to maintain these but if the tenant damages fixtures or fittings wilfully they will be required to cover the costs. Normal wear and tear will be covered by the RSL.

These repairs may be the responsibility of the management company where the MRS property is part of a block privately owned.

**Internal decorations** – explain this is the tenants responsibility to keep the property in good decorative order. Explain that the tenant cannot carry out any significant alterations of the property without the permission of the RSL.

**Succession** – explain that if there has been a joint tenancy and one dies the other will continue as the sole tenant unless the remaining joint tenant has not been using the property as their principal home

Where there is not a joint tenancy and the tenant dies the partner, wife husband or same sex partner of the original tenant can succeed to the tenancy so long as they have lived there as their principal home. There can only be one succession to an AST so if a household member has already succeed to the tenancy no other resident can succeed

The next generation of the original tenant e.g. sons or daughters cannot succeed to a tenancy. If the parents have died then the son(s) or daughter(s) may be offered a new AST.

**Use of the home and conduct of the tenants and other household residents** – the tenant should not cause a nuisance to neighbours, RSL employees or contractors. Nuisance will include persistent or excessive noise. Nuisance would also include any racial or sexual harassment to neighbours, RSL staff or contractors.

The house is to be used as principal residence and should not be used for business purposes if it would cause a nuisance to neighbours. If you do wish to use your property for business purposes, you must first seek formal approval from the RSL.

Any pets should be kept under control and not cause a nuisance in the area If there has been any wilful damage to the property by the tenant, household members or visitors the tenant will be responsible for any damage caused.

**Assignment** – the tenancy cannot be assigned to another person e.g. as a result of a house exchange without permission from the RSL. Any exchange of a tenancy and subsequent assignment needs to be in line with the RSLs policy on transfers or exchanges.

**Lodgers and subletting** – tenants can take in lodgers with permission and this permission should not be refused unless it would cause overcrowding or nuisance. The whole property cannot be sublet by the tenant

**Abandonment** – if the property appears to have been abandoned for any period the RSL may take action to recover possession of the property

**Notice by the tenant** – the tenant should give one months notice to the landlord in writing if they want to vacate the property

As part of the MTR introduction and sign up provide MRS tenants with the following:

- ✓ AST handbook relevant to the RSL
- ✓ Right to repair booklet
- ✓ Right to consultation booklet
- ✓ Right to Information from the RSL details
- ✓ RSL complaints procedure
- ✓ Transfer and exchange policies

- ✓ The officer should also provide details of how repairs can be reported and any details of emergency or out of hours services

## **B. SHARED EQUITY OPTION**

Administering the shared equity scheme is very similar to Mortgage to Rent and in the main the same documents can be used. There are however some small differences in standard documents required which are:

- Offers to lenders
- Applicants formal offer
- Solicitors instruction
- Applicants welcome letter



**DOCUMENT TWENTY FOUR A - TEMPLATE - SHARED EQUITY OFFER  
LETTER TO 1<sup>ST</sup> CHARGE LENDER**

Direct Line:  
Email:

Date

**For the Urgent Attention mortgage rescue champion and company.**

Dear

**RE: - Mortgage Rescue offer – Applicant Name and Address**

I refer to the above mentioned Mortgage Rescue case and I can advise that **RSL NAME** are able to make a formal **Offer of**

**This is a shared equity case and we will hold a second charge on the property.  
This should reduce the applicant's mortgage to £**

**The Valuation report is attached.**

I would be most grateful if you would confirm that your company are agreeable to this figure at your earliest convenience as this case is ready to progress to solicitors and can complete within 4 weeks.

Yours sincerely

RSL NAME

**DOCUMENT TWENTY FOUR B - TEMPLATE – SHARED EQUITY OFFER  
TO 2<sup>ND</sup> CHARGE HOLDER**

Direct Line:

Email:

Date

**For the Urgent Attention of ‘mortgage rescue champion and company’**

Dear

**RE: - mortgage rescue offer – Address and name**

**Account -**

I refer to the above mentioned Mortgage Rescue case and I can advise that Plumlife are able to make a formal **Offer of £xxxx. This is a shared equity case and we wish to settle your charge on the property.**

**The valuation report is attached.**

I would be most grateful if you would confirm that your organisation is agreeable to this figure at your earliest convenience as this case is ready to progress to solicitors and should be in a position to complete within 4 weeks.

Yours sincerely

RSL NAME

## **DOCUMENT TWENTY FIVE– STANDARD FORMAL LETTER TO APPLICANT**

Date

Dear

**Mortgage Rescue – Offer for Shared Equity**

**Subject to Contract**

### **Approval of Eligibility – and next steps**

Your application to take part in the Mortgage Rescue scheme via the **Shared Equity** route has been approved by **RSL NAME**. On receipt on this letter you enter into an 8 day cooling off period. **RSL Name** must receive a written acceptance or rejection to your offer by **Add cut off date**.

**RSL Name** will purchase xx% of your property at the value of £xxxxxxx plus the owner contribution of £xxxxx the owners contribution is not a cash contribution it is deducted from the equity of the property.

**RSL NAME** will have a registered second charge in your property and will charge a rent of £xxx to cover the cost. Your reduced mortgage payment will be £xx

You not require a solicitor, however our solicitor will be in contact and will send you out some paperwork to fill in and post back, please ensure this done.

You are entitled to speak to a qualified financial advisor to gain some impartial financial advice regarding this offer; the cost of this interview is covered by RSL NAME if you use one of the trained companies listed at the end of this letter. If you would like to speak to another financial advisor, RSL NAME will pay £xx pounds towards the costs incurred; you are responsible for any other costs.

If you require any further information or assistance, please do not hesitate to contact the mortgage rescue team.

Yours sincerely

RSL Name  
**IFAs**  
**X 3 firms**

**DOCUMENT TWENTY SIX - TEMPLATE - SOLICITOR INSTRUCTION FORM -SHARED EQUITY**

Address:	Borrower(s) full names:	Any occupier(s) over 18? (if yes):- Name (s) DOB (s)
First mortgagee:  Amount Outstanding:  Copy redemption statement  Contact Number	Second Mortgagees:  Amount outstanding: £ Copy redemption statement attached Y/N	Other charges/restrictions  Copy signed Deed of Trust enclosed Y/N
Valuer name and contact: –  Valuation enclosed: Y  Offer to charges Y	Financial advisers name & contact details (L A Caseworker):	
Equity Loan Value £	Initial Proportion	IMV
Details of redemption:	Borrower's building insurance policy attached No	
Special Instructions		

**DOCUMENT TWENTY SEVEN - TEMPLATE – INTRODUCTION LETTER TO APPLICANT– SHARED EQUITY**

**Direct Line:**

Date

Dear

RE: Mortgage Rescue Completion – Address

We have now completed on your mortgage rescue case, you are responsible for a monthly rental payment of £xx from the date completion took place, RSL NAME now hold a second charge in your property. Please find enclosed our resale and buy back procedure.

We would like to take this opportunity of wishing you all the best for the future.

Kind Regards

The Mortgage Rescue Team

## SECTION 8 Useful contacts

### HCA central team contacts

s. 40(2)  
s. 40(2)

### HCA Regional contacts

s. 40(2)

### CLG:

Use this contact to alter CLG to any ongoing issues you may experience with local authorities, or for general advice on the scheme

s. 40(2)

### **MRS Forum**

Communities and Local Government (CLG) have set up an online forum to bring together practitioners, from local authorities, RSLs, money advice

agencies, and lenders involved in the delivery of the Mortgage Rescue Scheme. The forum gives you the opportunity to share best practise, resolve issues, and the share successes with colleagues across England. To join please visit [s. 40\(2\)](#)

[s. 40\(2\)](#) : **The Fast Track team's survey provider**

[s. 40\(2\)](#)

[s. 40\(2\)](#)