

# Factoring Procedure

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## INTRODUCTION

For the purposes of this procedure the document refers to 'outright owners' and 'sharing owners' as 'owners' unless there is a need to differentiate between them.

Eildon Housing Association delivers a factoring service to properties that were bought through the Shared Ownership, Shared Equity Scheme, or Stock Transfers where the Right-To-Buy option has been exercised and any other Owners. As factor, Eildon Housing Association (EHA) is responsible for general management and administration of the common property. This document takes into account statutory and regulatory requirements.

These procedures aim to:

- Safeguard the Association's share in shared ownership properties
- Keep communal areas to a respectable standard
- Ensure owners are charged fairly and regularly for communal costs

## REACTIVE MAINTENANCE AND REPAIRS TO COMMON AREAS

As per the Terms and Conditions; Schedule Part 1, the Association will:

Make annual visits to the block and take appropriate action to deal with any repairs affecting common or shared areas using the [Annual Factoring Inspection Report Appendix 1](#). This will be in addition to repairs requested received from owners.

Repairs requested by the owners will be processed in the same way as repairs to the Association's rented property. The Association's repairs and maintenance procedures have been developed to ensure that repairs have been carried out to a good standard, in a cost effective manner as possible and within a timescale which causes the minimum inconvenience to owners as is reasonable in the circumstances. The cost of any repairs to factored properties will be apportioned to owners as per the owner's Terms and Conditions Schedule 2.

1. When the owner of a factored property reports a routine repair, such as repairs to door entry systems, light fittings etc the call will be put through to a Housing Assistant who will take as much detail as possible (same as for rented accommodation) to enable staff to identify and categorise the repair required and record on QL through Contact Management.

The timescale for repairs:

- Emergencies made safe within 2 hours
- Routine within 10 working days by appointment (appointment arranged with 24 hours)

All other works are planned with no timescale applicable, i.e. roof maintenance bi-annual between April and October. External paintwork on an approximate 5-year rotation between May and September.

2. The request for the repair will then be issued to our contractor
3. The Association's Maintenance Officers will post inspect 10% of repairs.
4. When the contractor's invoice is received, the cost of the repair will be apportioned to owners as per the Terms and Conditions, then recorded by finance and invoiced biannually, along with their Management Charge and insurance premium if applicable.

**NB:** As Property Factors the Association will only carry out repairs to communal areas. Owners are responsible for their own properties.

5. When the Housing Assistant is unsure of the repair required or the cost is likely to exceed £500:
  - i. The maintenance officer will visit the Development and assess the repair.
  - ii. If the repair exceeds £500 per property the repair can only be instructed and carried out when the work has been approved by a majority of the owners affected using an **Agreement Form** [Appendix 2](#).
  - iii. Work cannot commence until all the owners have agreed to pay their share of the cost to the Association; 50% before the work starts and 50% on completion

**NB:** In the case of an emergency repair or the Association considers the expense to be justifiable on grounds of health or safety and where it is not practical to gain a majority of the owners, the Association will arrange for the work to be carried out and recover to the costs as per the Terms and Conditions.

## SPECIFIC PROJECTS

If owners request other work/ improvements to be carried out, out with routine repairs:

1. The Association will write out to all owners concerned explaining the work requested and gain consent using Agreement Form. [Appendix 2](#).
2. If a majority Yes is obtained, the Association will arrange a meeting one month in advance, to discuss the specifics of the work requested and expectations of the owners.
3. Once the details of the work have been confirmed, the Association will arrange 3 quotes for the work in compliance with the Procurement Policy. [Appendix 3 Procurement Thresholds and Timescales](#).
4. When the relevant number of quotes have been received (see [Appendix 3 Procurement Thresholds and Timescales](#)), the Association will write out to owners to vote on the best or preferred quote.
5. For Specific Projects, the Association requires 50% of the cost to be paid by all owners (or signed up to 12-monthly payments agreement) before the contractor will be authorised to commence the work.
6. The Association will write out to owners to explain any inconveniences (i.e. scaffolding, noise etc) and give an expected timetable for completion.
7. Once the work has been completed and agreed as satisfactory by the Association and the owners the remaining 50% of the cost will be requested.

## ENVIRONMENTAL MAINTENANCE AND SERVICES

Invoices for grounds maintenance and communal power are sent to the Associations Finance Department, who will apportion the costs as per the Terms and Conditions and recharge factored owners biannually.

## **BUILDINGS INSURANCE**

The Association is responsible for effecting and keeping in force the buildings insurance cover for the whole Development.

The Association renews its Block Buildings Insurance annually, through an insurance broker and once this process has been concluded will:

1. Write to owners and provide them with a copy of the new building's insurance summary and premiums
2. Add the premium to the April invoice for owners that wish to join the Association's Block Buildings Insurance and send out the summary of the insurance cover.
3. For outright owners who wish to obtain their own insurance, the Association will request proof that their property is insured.
4. Owners within Block 14 Laidlaw Court are required to be insured through our block buildings insurance policy as per owner's title deeds.

## **INSURANCE CLAIMS**

The Association will provide adequate details in order for the owner to make the claim. It is the responsibility of the owner to contact the insurer to progress any claims. Any decisions on whether a claim is settled or not is the responsibility of the insurer and not the Association. Any excess not covered by the block buildings insurance policy will be recharged to the factored owners.

## **MANAGEMENT AND ADMINISTRATION**

The Management Fee is the charge for managing the Factoring Service to the Development. This includes:

- Staff time in inspecting and organising repairs, tendering, writing to owners
- Calling and attending meetings and maintaining adequate records
- Administering the common buildings insurance policy, making claims etc printing, postage and delivery of letters
- Issuing invoices, maintaining accounts, monitoring and recovery of arrears
- Liaising with solicitors in sales and re-sales and providing relevant information

## **CHARGES**

The Association's Finance department issues invoices to owners on a quarterly basis and is reviewed on an annual basis:

### **Review**

1. Management Charge reviewed by 31 January of each year, by Private Residential Tenancies Officer and Finance Officer, with consideration whether the Charge remains the same or is increased by CPI (Consumer Price Index).
2. Owners and sharing owners notified in writing by 28 February, with any increase taking place effective 1 April.

**See [Appendix 4 Management Charge Increase Letter](#).**

### **Invoicing**

1. The Association's Finance Department will provide owners with a paper invoice on a biannual basis:

<b>Period End:</b>	<b>Invoice Sent By:</b>
31 March	30 April
30 September	31 October

2. The invoice will detail what has been charged for and a statement of account showing payments.
3. The Management Fee will be payable monthly by direct debit or annually in advance and will form part of your biannual invoice.
4. In addition, the Association will issue an annual statement of account and review letter with its April invoice.

## **ARREARS CONTROL AND RECOVERY**

### **Arrears Recovery**

1. The Association recognises that early intervention improves recovery prospects and EHA will therefore seek to tackle arrears recovery at the earliest opportunity.
2. The Terms and Conditions for each property clearly states the number of days invoices are due for payment from date of issue. To prevent arrears escalating and to reinforce to the customer that arrears will be dealt with as a matter of priority and in a consistent manner. Initially, EHA will:
  - Advise of outstanding balance and urgent need of settlement
  - Advise potential consequences of non-payment

- Invite contact to establish any reasons for non-payment

This information will be delivered by means of a first reminder and a final reminder providing customers with details of independent, free advice organisations.

3. If successful contact is made, EHA will make a formal written arrangement with the debtor to pay arrears at the agreed level and intervals, which will be signed by the customer, with copies held by both parties.
4. If a payment arrangement is adhered to and new invoices are paid as due, no further recovery activity is required and the account will, at the end of the payment period, return to routine status.
5. If there is continued non-payment or failure to maintain arrangements the PRTO will send the second reminder letter.
6. If the reminder and / or payment arrangement efforts prove ineffective, EHA will apply a late payment fee of £10.00 per biannual invoice.
7. EHA appointed solicitors will, on request register a Notice of Potential Liability against the property which may affect any future sale or EHA's appointed solicitors will, on request, seek an Open Decree, or, less commonly, an Instalment Decree with the Sheriff Court. Once recovery action commences, legal/ court costs start to accumulate, and all such accrued costs will be added to the debt and will be recovered from the debtor. This can substantially add to the principal sum owed and debtors will be warned, before their details are sent to a solicitor, of the potential amount that could be involved in court action.
8. Once a Decree is granted, if full payment (including court/ legal costs) is still not forthcoming, either in total or by means of an agreed Payment Plan, the Sheriff Officers will be engaged to carry out debt enforcement action. This may include:

#### **Freezing of Bank Account**

- Attachment Orders (Attachment Orders are on non-essential goods out with the home e.g. motor vehicles) where the debt exceeds £1,000
- Arrestment of Wages
- Notification under Tenements Scotland Act (advises of sale of property and allows debt to be transferred to new owner)
- Inhibition on property (debt secured on property, prevents raising of equity on property).
- Sequestration (bankruptcy)
- Future Land Attachment (expected 2011). Sale of property after a 6-month period from date of Attachment ensuring settlement of debt.
- Any and all other legal means to ensure recovery.

These actions are clearly a last resort and will only be commenced where no arrangement to settle the debt within terms acceptable to EHA can be secured.

## NEW OWNERS

### Change of Ownership

1. The seller's solicitor will send a letter to the Association with details of the sale, including the name of the new owner and to ascertain if there are any outstanding debts to be settled.
2. The PRTO will write out to the seller's solicitor with the figures provided by the Association's finance department including the apportion of charges and sums due by the owner for the period to the date of sale.
3. An administration charge of £50 will be made to any owner selling a property within the Development for the apportionment of common charges and updating of information as to ownership.
4. On conclusion of the sale the PRTO will send a welcome letter, within 4-weeks. Enclosing copies of the Written Statement, Factoring Policy, Customer Privacy Notice and Direct Debit Mandate, to the new owners explaining the Factoring Service and details of the Association's block buildings insurance and offering to meet to discuss the factoring service if required. [Appendix7 – New Owners Welcome Letter](#)

## RECORD KEEPING

The Association will keep clear records of its involvement with the properties it factors, including holding a file with all copies of invoices of tradesmen's accounts for work carried out.

These records will be made available, on request, to owners and filed to correspond with the Invoice Period End as per Invoicing section.



## **COMMUNICATION AND COMPLAINTS**

It is important to the Association that owners are satisfied with the factoring service that the Association provide. Communication and complaints will be dealt with in accordance with our Complaints Policy

Normally, if a complaint to the Association is not resolved at Stage 2 Investigation, the complaint can be considered by the Scottish Public Services Ombudsman. However, this does not apply to complaints regarding factoring. Housing and Property Chamber, First-tier Tribunal for Scotland will try to resolve complaints and disputes between homeowners and property factors and can be contacted at the following address:

### **Housing and Property Chamber**

First-tier Tribunal for Scotland  
Glasgow Tribunals Centre  
20 York Street  
Glasgow  
G2 8GT

**Telephone:** 0141 302 5900

**Fax:** 0141 302 5901

## APPENDIX 1 - ANNUAL FACTORING INSPECTION REPORT

# Factoring Inspection Report

As per the Terms and Conditions (Schedule 1, Part 1) this form is to record inspections of the condition of the communal areas at our factored properties. Where there is a score of 1 (item needing attention), it is vital you record; who the work was awarded to and the works order number.

Please provide photographic images where a score of 1 is noted and send a copy of the form and any photographs taken to PRTO.

The information from this form will be used to anticipate and plan work required and inform the Annual Review Statement sent to owners of properties factored by Eildon.

Address: Click to enter text.

Inspected by: Click to enter text. Designation: Click to enter text. Date: Select date.

1 = Needing attention

2 = Monitor

3 = Nothing to report

TERMS AND CONDITIONS REQUIREMENTS		1	2	3	Contractor	Works Order No.
<b>Tenement Common Parts</b>						
1	<b>Common Entrance Door</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Condition of paintwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Condition door frame paintwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Door fittings (handles, overhead closers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Door entry panel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
2	<b>Bin Store</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Condition of paintwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Condition of mesh (windows)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Door fittings (handles)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
3	<b>Floor Coverings</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Landings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Stairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
4	<b>Walls</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Condition of paintwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter

						text.
	Condition of skirtings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Any damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
5	<b>Window</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Condition of paintwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
	Wear and tear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
<b>Development Common Parts</b>						
1	<b>Boundary Walls</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
2	<b>Roadways and Pavements</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
3	<b>Car Parking Spaces</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
4	<b>Hard and Soft Landscaping</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.
5	<b>Grounds Maintenance</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click to enter text.	Click to enter text.

## APPENDIX 2 – AGREEMENT FORM

### AGREEMENT TO JOIN EILDON HOUSING ASSOCIATION'S

(Insert Nature of Work)

for the Development

(Insert Addresses Affected)

Eildon Housing Association Limited have offered to provide a Factoring Service to the Owners / Sharing Owners at the above Development. The terms of the service are set out in the Terms and Conditions for the Provision of a Factoring Service. We are inviting each Owner to respond answering the following question and returning the form to us. The votes will be counted, and you will be advised of the outcome. The voting slips will be counted and retained but no-one other than Eildon Housing Association Limited and their legal representatives will have access to your voting form.

**Please circle your answer to the question.**

Do you agree to the Association as Factors (Insert work required)?

The cost of which will be £ xxxx

Yes    No

Name

Address

Tenancy Status:

Signature .....

Date .....

**Please return to:** (Insert Name), (Designation)

## APPENDIX 3 – PROCUREMENT THRESHOLDS AND TIMESCALES

Estimated Value (Excl VAT)	Definition	Tender Process	Tender Activity	Minimum Advertising Requirements	Internal Guide Timescales
£0 - £999	Works, Services and Supplies	Work may be authorised within individual officer limits and contractor may be directly engaged without any form of public procurement exercise.	Ability to directly appoint a supplier.	Direct approach to suppliers	1-2 weeks
£1,000 - £14,999	Works, Services and Supplies	Quotation – minimum of 1 quotation to be received – with a direct appointment allowed subject to this being a one-off commission or purchase.	Ability to directly appoint a supplier following receipt of a quotation in writing. Subject to ET approval.	Direct approach to suppliers	1-2 weeks
£15,000 – 24,999	Works, Services and Supplies	Minimum of 3 competitive quotations to be invited using standardised documentation and processes (for example, a specification and return date to be sent to all contractors being asked to provide costs. Lowest priced contractor to be appointed.	Ability to directly appoint a supplier.	Direct approach to suppliers	1-2 weeks
£25,000 - £49,999	Services and Supplies	Quick Quote	Use of ITT document incorporating price/quality ratio and tender questionnaire document	On-line Quick Quote using the public contracts website	Minimum 2 weeks
£25,000 - £1,999,999	Works	Quick Quote (Note: EHA Internal limit of £150,000 for Works via Quick Quote)	Use of ITT document incorporating price/quality ratio and tender questionnaire document	On-line Quick Quote using the public contracts website	Minimum 4 weeks
£50,000 - £189,330	Services and Supplies	Formal Tender Process (Below £189,330 Scottish Level) (Above £189,330 EU Level)	Use of ESPD and ITT document incorporating price /quality ratio.	To be advertised on the public contracts website	6-8 weeks
£2,000,000 - £4,733,252	Works	Formal Tender Process (Below £4,733,252 Scottish Level) (Above £4,733,252 EU Level)	Use of ESPD and ITT document incorporating price /quality ratio.	To be advertised on the public contracts website	6-12 weeks

1. Should the value of a contract be near the maximum in any range then, unless there is confidence in the market and prices, the tender will be undertaken in accordance with the requirements of the next process up.
2. Upper thresholds defined in the Procurement Reform (Scotland) Bill and may be amended by the Scottish Parliament from time to time. Where the thresholds are amended by the Scottish Parliament the published thresholds will apply to this policy.
3. Upper thresholds defined in the Public Contracts (Scotland) Bill and may be amended by the Scottish Parliament from time to time based on thresholds set by the European Union. Where the thresholds are amended by the EU, the published thresholds will apply to this policy.
4. The Public Contracts Website refers to the site established and maintained by the Scottish Ministers; currently this is [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk).

## APPENDIX 4 – MANAGEMENT CHARGE INCREASE LETTER

Name  
Address1  
Address2  
Town  
Postcode

(Date)

Dear Name

### **FACTORING CHARGES ANNUAL REVIEW**

From the 1 April 202x, your factoring charge will change to either £per month by direct debit, or if a monthly direct debit is not set up, we will require the full annual amount of £ to be paid by 1 May 202.

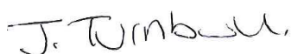
We highly recommend that all owners are set up on a monthly direct debit.

A full reconciliation of the previous year's income and expenditure will be sent by July 202.

Your annual invoice will be sent in April 202detailing the full breakdown of the cost.

Please contact me on 03000 200 217 or [housing@eildon.org.uk](mailto:housing@eildon.org.uk), if you have any questions regarding the contents of this letter.

Yours sincerely



Jan Turnbull  
Private Residential Tenancies Officer

## APPENDIX 5 – NEW OWNERS WELCOME LETTER

Name  
Address1  
Address2  
Town  
Postcode

(Date)

Dear Name

### **Factoring Service at (Insert Development)**

I write to advise you that the Eildon Housing Association provides a Factoring Service at (Insert Development) and I would like to offer the opportunity to phone or meet with you to discuss what this means for you.

Enclosed you will find your written statement which outlines the service in which we provide, customer privacy notice detailing Eildon's use of your personal information, a copy of our factoring policy, a sheet to fill in and return to us with your personal contact details and a direct debit mandate form which needs to be sent back to us as soon as reasonably possible. I have enclosed a pre-paid return envelope.

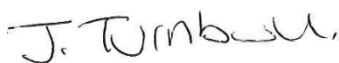
Current factoring charges from (settlement date)  
£00.00 – Partial month  
£00.00 - 1 (month) and monthly on the first of the month thereafter.

Our block buildings insurance policy is at an extremely competitive rate, we do prefer for all the factored properties to be covered by this policy. If you prefer to organise your own independent insurance, you will need to provide us with a copy of your insurance certificate annually. If you fail to provide us with your insurance certificate, you will be added to the block policy and charged accordingly.

Laidlaw Court owners must be on our policy as per title deeds.

Please contact me on 03000 200 217 or [housing@eildon.org.uk](mailto:housing@eildon.org.uk), if you have any questions regarding the contents of this letter.

Yours sincerely



Jan Turnbull  
Private Residential Tenancies Officer