



Information Guide for Owners

FACTORING SERVICES

Frequently Asked Questions

July 2005

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APPENDIX

Appendix 1: Understanding the Legal Jargon

HOW DO I FIND OUT ABOUT MY LEGAL RIGHTS AND OBLIGATIONS AS AN OWNER?

The legal documents which define the rules relating to the shared obligations and conditions which apply to each property are the Title Deeds, Deed of Conditions and the Feu Disposition. They outline the owner's shared responsibilities for the upkeep, management and maintenance of the common elements that belong to the property. The Title Deed also describes the feuing area, which is the area in which all the individual properties within the Title Deeds are situated. (Note: the area may extend well beyond the boundary of your property to include all open spaces within the feuing area). Even if you live in a house rather than a tenement you may still have a responsibility for common maintenance within the feuing area. Specific rights to your individual property will be detailed in the feu disposition. *See page 6 for a further explanation of legal terms.*

If you do not have a copy of your Legal Documents please contact your solicitor to obtain them.

These documents also determine who is the Factor and what their responsibilities are in relation to common maintenance, billing and holding meetings, etc. Thenew is the Factor of your property and is therefore responsible for issuing instructions to contactors to carry out common maintenance and repairs and for collecting each owner's share of the costs of this work.

If you would like more information on the above please contact your local Thenew housing office to obtain a copy of the Scottish Executive publication "We Are All Responsible" which offers helpful general advice on an owner's and their Factor's responsibilities in relation to repairs and maintenance.

Alternatively, you could seek independent legal advice to establish exactly what your rights and responsibilities are in relation to these matters.

WHAT FACTORING CHARGES CAN I EXPECT TO BE BILLED FOR EACH YEAR?

This will depend on what services you receive from Thenew and method of payment. How often you are billed for each of the services listed below will vary, eg. 6 monthly for landscaping. Some or all of the following charges may apply. (Note: if you pay monthly by Direct Debit, you will not receive bills, instead you will receive two statements each year, detailing all charges which apply and payments made by you.)

Rechargeable Common Repairs: This is your share of all works by our contractors to common parts of your building or surrounding area, which have been invoiced and paid by Thenew.

Common repairs are necessary repairs to maintain the fabric of the building and surrounding walls and paths etc. Attending to these repairs will help to keep the building wind and watertight and maintain the value of your home.

Your Deed of Conditions will make clear that all owners in a block, including Thenew, bear a share of repair and maintenance costs (your bill will detail the relevant share for each repairs, which can vary depending on location).

Unfortunately, in addition to repairs due to normal wear and tear, repairs can also be due to misuse and vandalism. Where we cannot identify those responsible for the vandalism/misuse we have to share that cost amongst all owners and tenants. Thenew attempts to keep these costs as low as possible by recharging individuals where possible or making insurance claims where the cost is above the policy excess for each individual claim. In order to make a successful insurance claim for vandalism, each incident must be reported to the Police. Thenew will require to obtain a crime report number from Strathclyde Police to enable an insurance claim to be made.

Works orders for common repairs are issued by Thenew following requests from an owner or a tenant or as a result of a regular inspection by a Thenew officer. Where necessary these will be pre-inspected by our Maintenance Officer. 10% of all repairs are post inspected (plus all repairs over £250 in value) to ensure that owners and Thenew obtain quality and value in works instructed. A copy of any repairs invoice may be supplied to you on request.

Recurring Service Charges: May include:

Glasgow City Council Stair Lighting Charges—these cover replacement of bulbs and general maintenance of the lighting to your common close by the City Council.

Glasgow City Council Backcourt Cleaning Charges—most tenemental flats with a shared backcourt will get charged 52p per week from 1 April 2004 for the City Council Cleansing Department sweeping their backcourt and removing large household items. If owners have any comments or queries regarding this service, please telephone **Glasgow City Council direct on 0141 287 9700**.

Scottish Power Charges—these cover bills relating to electricity supply to the common close.

Stair Cleaning—where owners have agreed, Thenew providing a stair cleaning service.

Landscape Maintenance: On a six-monthly basis we will bill you for the costs incurred by Thenew for maintaining certain spaces within the curtilage of your building such as the backcourt (but not including any private gardens).

We will also bill all owners for landscape maintenance works which were carried out to the open spaces where the feuing area extends beyond the boundary of their property, eg. the properties within the former Scottish Homes owned housing and landscaped areas.

The contract is set up to achieve both quality and value. In other words we will not necessarily accept the lowest tender if we feel that owners and tenants will not be satisfied with the quality of the maintenance.

We employ a Landscape Clerk of Works to regularly monitor the performance of the contractor on site. **IMPORTANT:** We do not bill owners for work not done or not completed to a satisfactory standard.

Please note, we are not invoiced for landscape works by the contractor. Instead, valuation certificates of work are completed by a Quantity Surveyor. We will however, aim to offer information on work completed in a readily understood format.

Cyclical Maintenance: Thenew may also instruct other cyclical maintenance works such as gutter cleaning and close painting to maintain the fabric of the common parts of the building.

In the case of close painting, we will advise you when the proposed project has been approved by Thenew's Committee, and will give you an estimate of your share of the costs. You will also have the opportunity to have your flat door painted as part of the works.

When we have completed our detailed surveys, we will advise you of any significant change in the estimated costs, and you will also be consulted on a preferred colour scheme and the majority preference will be adopted.

When the tenders have been obtained and checked and a programme agreed with the contractor (the tender accepted will be the most advantageous offer in terms of value for money and quality), we will advise you again of the cost update and when the work will proceed.

Your share of the final account will be charged on a separately issued factoring bill after payment by Thenew. Please note, you will be given an opportunity to repay this bill monthly by Direct Debit (it can be added to any existing DD monthly payment).

Major Repairs: These involve the renewal of components of the common property which have reached, or are approaching, the end of their useful lives. The purpose of such renewals is to obtain the advantages of doing the work over a number of properties at the same time which generally results in cheaper costs per unit than doing the work on individual properties or on a reactive basis. More importantly for the integrity of the building, the replacement will happen before failure, thereby avoiding the inconvenience and possible damage or danger resulting from failure.

When a major repairs project has been approved by the Association's Committee, any owners affected by the project will be advised of it and of their share of the estimated costs.

Since the cost of this type of work is likely to be quite high, there will also be consultation on the need for the project and again the majority decision on proceeding will be adopted.

Following detailed surveys, you will be advised of any significant changes in the estimated costs and if there are choices of alternative specifications, you will be consulted on your preference, again with the majority preference being adopted.

Following receipt and checking of tenders and appointment of a suitable contractor, we will advise you of your share of the tendered costs, the programme and any arrangements for access which will be required.

Your share of the final account will be charged on a separately issued factoring bill after payment of this account by Thenew. Please note, you will be given an opportunity to repay this bill monthly by Direct Debit (it can be added to any existing DD monthly payment).

Buildings Insurance: Where Thenew provides building insurance under our block insurance policy we will bill you annually. If you have your own insurance and your property is part of a tenement block please send a copy of this to us to enable Thenew to consider whether your cover is adequate. If an insurance claim has to be made for common repair works it is more straightforward for Thenew and the owners if we all deal with one Insurance Company. (Note: each owner is responsible for insurance cover for his or her household contents).

Owners who do not pay the Insurance invoice within 28 days may have their property removed from the policy.

Factoring Administration Fee/Factoring Fee: We will also bill you for Thenew's administration and management costs of providing a factoring service. A proportion of each bill we issue to you will include a Factoring Fee.

This is your share of Thenew's costs in providing a factoring service to all owners. This is detailed on your invoice as a Factoring Fee (Tenement Owners) or an Administration Charge (other owners). Thenew sets Factoring and Administration Fees annually.

Current Charges (2005/06) are:

- Factoring Fee: £103/24 (plus VAT)
- Administration Charge: 20% of costs recharged (a maximum which shall be no more than the management fee, and a minimum charge of £10).

This charge covers costs including for example: account processing, instructing repairs, invoicing, debt recovery, correspondence with owners, management of contracts and postage and stationery.

REDUCED CHARGES FOR OWNERS PAYING BY REGULAR PAYMENT SCHEME

As an incentive therefore to owners participating in the Regular Payment Scheme, a deduction of 10% is applied to the annual management (factoring) charge. For owners in non-tenemental property who pay an administration charge and also agree to participate in the scheme, an equivalent deduction on their fee is available. **This deduction applies to the Factoring Fee or Administration Charge only; it does not apply to charges where Thenew is billed for actual common works.** The maximum annual deduction for owners paying an Administration Charge will be 10% of the Management Fee. Owners with arrears who do not include an agreed contribution to outstanding arrears will not receive a 10% deduction in their factoring charge.

The deduction will be applied annually as a credit on owner's accounts that have maintained an agreement for the year.

See below for further details on Factoring Fees (fees are reviewed on an annual basis—the charges below apply to the financial year 2004/05).

	<i>Basic Fee</i>	<i>Reduced Fee (if paying by Regular Payment Scheme)</i>
Management Fee (tenement owners & shops)	£103.24 per annum (plus VAT)	£92.92 per annum (plus VAT)
Administration Charge (non-tenemental)	20% of costs recharged with a minimum charge of £10.00 and a maximum of £35.00 per quarter (plus VAT)	20% of costs recharged with a minimum charge of £10.00 and a maximum of £51.62 per half year. Less 10% rebate on total admin charge for the year up to a maximum of £10.32 (plus VAT)
Property Insurance Administration Charge (all owners, other than tenement owners)	20% of Insurance Premium (plus VAT)	20% of Insurance Premium Less 10% rebate on total

WHEN DOES THENEW CONSULT WITH OWNERS PRIOR TO ORDERING A REPAIR?

Common works estimated to cost less than £250

These works will be instructed without consultation with owners.

Common works estimated to cost over £250

The Association will normally consult with owners where common works are estimated to be above £250. This will involve advising each owner in writing of the cost of the proposed works. Each owner will have 14 days to write to Thenew to oppose the repair being carried out. If after this period a majority are not opposed, then the works will proceed.

Common works where the owner's share is estimated to be over £250

If this is the case the Association will hold an owner's meeting as per the Title Deeds. The decision whether to proceed will be put to the vote and a majority decision will prevail.

Emergency/Urgent Repairs

In certain circumstances, the Association may instruct works without recourse to the owner. For example, where a situation is considered dangerous or seriously detrimental to the safety of persons or to the common property and requires urgent attention.

HOW CAN I PAY MY BILL?

Thenew offer a number of different methods of payment of factoring bills/accounts.

We accept the following payment methods:

- Payment by cheque (made payable to **Thenew Housing Association Ltd** with your customer reference number on the back of the cheque) by post to 83 Green Street with yellow remittance advice enclosed.
- Payment by 'owner's swipe payment card' at any Post Office or Pay Point/Pay Zone outlet (certain shops and garages) during their opening hours. These payments will be notified to Thenew within 24 hours.

- **Regular Payment Scheme for Owners:** Owners have the option of paying by monthly instalments by Direct Debit. This "Regular Payment Scheme" will benefit the owner by allowing the cost of recharges (including any arrears outstanding) to be spread over the year in affordable monthly payments. We recognise that many owners do not budget for factoring bills and consequently find it difficult to make the necessary payments towards their 6 monthly bills.

Owners who participate in the scheme will receive two 6-monthly statements detailing payments and charges against their account. The monthly payment will be calculated based on previous and known charges for the forthcoming year (together with an agreed amount to clear any outstanding balance). It will be reviewed annually up or down, depending on actual costs incurred and any expected increases in charges.

WHAT SHOULD I DO IF I HAVE AN OUTSTANDING BILL?

You should contact your area Housing Officer to agree an affordable repayment arrangement to reduce your debt over time. Failure to agree to repay a Factoring debt can lead to the debt being passed to a Debt Recovery Agency. If we pass your debt over to an agency to collect on our behalf, you should note that this can affect your future credit rating.

Owners should note that failure to pay back the Block Insurance element of their bill will result in Thenew cancelling the Buildings Insurance cover for that property. Failure to maintain Buildings Insurance cover for your own property will breach the agreement with your mortgage lender.

HOW DO I QUERY A BILL OR MAKE A GENERAL ENQUIRY ABOUT THENEW'S FACTORING SERVICE?

Following a recent review of the Association's Factoring Service, Thenew has employed a Factoring Officer who will be based at our Green Street offices. Initially he will be employed 1.00pm to 5.00pm, Monday to Friday and will deal with most enquiries relating to owner occupied housing.

In the past you have been required to contact different officers within the Association, depending on what your query related to. With the exception of queries relating to outstanding bills, where you should still contact your Area Housing Officer, all other matters relating to the management of owner occupied housing within your area will be dealt with by the Factoring Officer.

If you require to see the Factoring Officer, either at home or at one of our offices, then an appointment can be arranged. In order that the Association can offer a better service to owner occupiers and that the Factoring Officer can use his time more efficiently, Thenew has decided that an appointment will be required to see the Factoring Officer other than in an emergency situation.

Thenew Housing Association aims to offer a quality service to all owner occupiers within our areas of operation and we are sure that the addition to a Factoring Officer to our staff compliment will improve the service to all owner occupiers.

Please note our staff may not be able to answer your query immediately but you will be advised when and from whom you will receive an answer.

Where we receive a written enquiry about our factoring service we will acknowledge your letter within 5 working days, and if we are unable to provide an immediate answer we will respond in writing, in full, within 21 days.

HOW DO I MAKE A COMPLAINT?

Anyone who receives or requests a service from Thenew can use our complaints procedure. Your initial complaint should, preferably, be in writing to Thenew's Housing Manager (you can also complain in person or by telephone to the Area Manager at your local housing office). If you are not satisfied with the response you receive to this initial complaint you will be able to use our Formal Complaints Procedure. A leaflet explaining this procedure is available from any Thenew office.

HOW CAN I BECOME INVOLVED IN A THENEW OWNERS' FORUM?

Thenew is keen to involve owners in the delivery of our Factoring Service. If you would be interested in serving on our Owners' Forum please contact Iain Clark, Factoring Officer at 83 Green Street. This Forum will review with Thenew staff our policies, procedures and services in relation to Factoring.

WHAT HAPPENS IF I SELL OR BUY THE PROPERTY DURING A FINANCIAL YEAR?

If you are selling your property you should advise your Housing Officer at least one month prior to the date of sale. We will prepare a final factoring bill for you.

If you have bought the property we will, where notified of the sale, make contact with you to advise you about Thenew as your Factor and confirm your responsibilities in relation to common charges, etc.

Bills which are normally charged on an annual basis are calculated on a pro rata basis, ie. the total bill is divided by the number of days in the year you were/have been in ownership.

All common repairs are charged to the specific owner at the date the repair was instructed.

SHARING OWNERS

Most of Thenew's sharing owners also receive a factoring service from Thenew. Much of the information in this leaflet will also apply to sharing owners. Factoring fees for sharing owners in ex-Bridgeton & Dalmarnock HA are currently included in the management charge which is part of the specified rent of your property.

THE NEW OFFICES

FOR OWNERS IN CALTON, STEEL STREET & LONDON ROAD (78-86)

Head Office

83 Green Street, Calton, Glasgow, G40 2TG

Tel: (0141) 550 3581

Opening Hours:

Monday—Friday from 9.00am—5.00pm

Closed every Wednesday afternoon from 1.00pm for staff training

FOR OWNERS IN BRIDGETON & DALMARNOCK

Bridgeton & Dalmarnock Area Office

2 Main Street, Bridgeton, Glasgow, G40 1HA

Tel: (0141) 554 5245

Opening Hours:

Monday, Tuesday, Thursday, Friday from 9.00am—5.00pm

Closed every Wednesday afternoon from 1.00pm for staff training

FOR OWNERS IN CRANHILL, BAILLIESTON & BLACKHILL

Cranhill Area Office

14 Ruchazie Place, Cranhill, Glasgow, G33 3HA

Tel: (0141) 774 3030—available from 9.00am—5.00pm

Opening Hours:

Monday—Friday from 9.00am—12.30pm and 1.30pm—4.30pm

Closed every Thursday afternoon from 12.30pm

FOR OWNERS IN NETHERHOLM & DOUGRIE

Castlemilk Area Office

49 Blaeloch Drive, Castlemilk, Glasgow, G45 9QJ

Tel: (0141) 634 7000

Opening Hours:

Monday—Friday from 9.00am—12.30pm

FOR CO-OP REPAIR ENQUIRIES ONLY

Claythorn & Fairbridge Housing Management Co-operatives

1 Chalmers Place, Calton, Glasgow, G40 9AS

Tel: (0141) 554 7516

Opening Hours:

Monday—Friday from 9.00am—4.00pm

UNDERSTANDING THE LEGAL JARGON

Feu

The individual plot of ground and the dwelling built on it, or a flat and any grounds and rights pertaining to it, sold to the purchaser subject to the conditions imposed by the feu superior.

Feu Superior

The person or organisation (Thenew Housing Association) who has responsibilities and the right to impose and enforce conditions regarding the administration, management and maintenance of the estate (feuing area) and the use of any individual feu.

Feuing Area

The whole area originally owned by the Feu Superior, including all properties, plots, roads, pavements, parking areas and open spaces not adopted by the local authority. Feuing areas can extend to several areas which may mean that all owners are liable to pay a contribution to the cost of repairing and maintaining shared ground which could be several streets away.

Deed of Conditions

The document drawn up by the Feu Superiors prior to the sale of individual plots within the feuing area. It details the shared obligations and conditions which apply to each plot. It also describes the Feuing Area.

Feu Disposition

The document which transfers ownership and is granted by the Feu Superior in favour of the first purchaser of a Feu. It includes a description of the individual property and any specific rights and conditions and refers to the Deed of Conditions for further details of your responsibilities.

Schedule to the Feu Disposition

The additional section attached to the Feu Disposition and details conditions specific to that Feu. If you own a flat and the factoring conditions apply, these will be included in this section.

Factor

The Factor is the person or body (Thenew Housing Association) who can exercise the powers conferred by the Schedule to the Feu Disposition, or any other powers conferred by a majority of owners in the block or area being factored. The factor is often referred to as a "Property Manager".

Shared Charges

(Common Charges) are those resulting from the maintenance of repair or the management of land or buildings for which there is a community responsibility. It can include the administration costs associated with instructing any work or recovering any shared or common charge.



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