

Information Sheet 2

Factoring



For some properties the Association acts as a 'Factor' for sharing owners and this role is different from its role as landlord. As a Factor, the Association acts as an 'agent' for sharing owners and will undertake repairs and maintenance to all communal areas on their behalf.

Under the terms of your Title Deeds you, along with other owners and sharing owners are jointly responsible to contribute to the costs associated with this. The Factor's role may also include:-

- **Communal Grounds Maintenance & Cleaning**
 - ◇ Regular grass cutting, maintenance of shrubs and planted areas
 - ◇ Cleaning communal stairwells
- **Communal Repairs & Maintenance**
 - ◇ Consulting owners and sharing owners
 - ◇ Arranging for communal repairs and monitoring contractors performance
 - ◇ Issuing accounts to owners for shared costs and collecting payments



How are shared costs calculated?

The costs are calculated according to the number of homes within the area. If, for example, grounds maintenance costs were £1,000 and there were 100 properties within the area, the cost to each property would be £10.

What happens to the Factoring Charge?

Some of the charge is to pay for day to day repairs and maintenance of common parts and some is set aside in a 'Factoring Service Sinking Fund' which will then be available to fund larger e.g the repair of a communal roof. Residents who contribute to a Sinking Fund will receive an audited statement of the Factoring Service Fund annually, along with a detailed list of what is covered.

The level of Sinking Fund contribution is intended to ensure that there are sufficient funds available when costly repairs are required in the future. If a repair is likely to cost more than £250 we will consult you in advance unless this is emergency work required to make the building safe. Exceptionally, repairs may be required for which there is insufficient money in the Sinking Fund. In this case the owners and sharing owners may be required to make a top up payment to cover the costs. You will be fully consulted before any works are undertaken (unless the works were due to an emergency).

When should I pay my Factoring Charge?

Sharing Owners can either pay their charge in a lump sum on or before 01 April annually or, alternatively can arrange to set up a Direct Debit with their bank to arrange payment on or before the first day of each month.

Payments can be made by:-

- Debit Card either in person or by telephone
- Cheque made payable to 'Orkney Housing Association Ltd'
- Direct Debit



Factoring Charge Review

The factoring charge is reviewed annually with any change applicable in April. At least one month's notice and consultation will take place before any change is implemented.

Factoring Charge Arrears

It is important that the Association makes the most of its income to ensure that we not only provide a good quality service to all our residents but also to meet our financial commitments. We work hard with all our residents to help them avoid getting into arrears.

However, where a sharing owner fails to pay the Factoring Charge this will result in interest being charged on the outstanding sum and legal action being taken to recover the outstanding balance. This is always a last resort.

A copy of the Factoring Policy is available on request.