Pathways

Shared Ownership Policy

LLOYDS
LIVING

This Policy is to help you understand Pathways' approach to Shared Ownership and our relationship with you. We've designed it to be as clear and useful as possible. You're welcome to read through everything at your own pace or simply dip into the sections you need. We update this Policy from time to time, and you will always find the most up-to-date version on our website.

The most up-to-date version will be the one we work from.

Contents

This policy relates to Pathways only.

1. Introduction

Scope

This Policy applies to Shared Owners or prospective Shared Owners. It sets out the approach Citra Pathways Limited (Pathways) will take in managing the matters described within it.

This Policy is an overview statement, interdependent with other policies (including our Complaints Policy) approved by Pathway's Board (Board) to comply with Pathways' obligations as a Registered Provider of affordable Shared Ownership homes.

We aim to make sure all our policies are consistent and comply with:

- Prevailing legislation, including binding tribunal cases or general case law
- The lease or other contractual document(s)
- Regulatory guidance and good practice.

Our aim is to always provide a warm, professional, and customer-focused service meeting our customers' reasonable expectations and our legal and regulatory obligations.

At the time of writing, we will only be providing houses for occupation by single households, so this Policy is written predominately on this basis.

The terms 'you' and 'your' in this Policy refers to our Shared Owner with the terms 'we', 'our', and 'us' referring to Pathways.

Policy statement

Pathways will always act in accordance with the lease or transfer document/rent charge deed or any other legal arrangement as applicable. We will comply with all applicable legislation and binding common law. We will work in accordance with regulatory guidance and will always aim to meet good practice.

Equally, Pathways will expect you to comply with your responsibilities as set out in your lease and as the law requires. Additionally, we would ask you to work cooperatively with us for the benefit of everyone.

Part of our responsibility is to make sure you comply with your obligations. Obligations can include something you are required to do, e.g. keeping your home in good condition and repair, or stopping you from doing something you are not allowed to do, e.g. letting your home out for holiday lets.

Policy aims and objectives

The most important aim of this Policy is to create an environment and community where you and your household have a sense of pride and feel safe and secure. We will do this by:

- Complying with our obligations
- Meeting all relevant health and safety obligations
- Making sure you are aware of your obligations and fulfilling them
- Maintaining your estate to a good standard
- Working with reputable contractors
- Securing and maintaining good value for money with competitive tendering and reviewing ongoing costs.

Rights and responsibilities

The lease is the most important document defining our respective responsibilities.

In this Policy we will help put some context to these responsibilities. Nothing in this Policy should be considered to override the lease.

Our objective is to build a trusting relationship where all matters are dealt with quickly in an informal and cooperative way. For example, if access is needed to your home for a contractor or other representative to visit, then we would arrange a mutually agreeable time with you.

To help with this, it is vital that you are familiar with your lease obligations and you follow them. Failure to do so could have serious consequences, including potentially being evicted from your home. Important obligations include:

- Keeping your home in good condition, particularly as it relates to health and safety
- Not behaving in an anti-social way
- Paying your rent and service charges on time.

Shared Ownership engagement

Pathways is keen to learn from your views and lived experience as well as to use them to shape policies, priorities and services. This is set out in our Customer Engagement Policy available here.

As Pathways grows, we will put into place more formal and regular ways we can hear your views. This may include Shared Owners forums, meetings and/or surveys. But, in any event, we are always interested to hear from you. If you would like to provide your views on our services and/or register an interest in getting involved in influencing the way we work, you can contact the Director of Pathways by emailing hellopathways@lloydsliving.co.uk or completing the general enquiry form on our website. This form is reviewed directly by the Director of Pathways.

This policy relates to Pathways only.

2. Payments and Costs

Rents and rent increase

Your initial rent is based on the value of your home, and the equity share Pathways has retained.

The basis used to set your rent initially will always be within the rules of the relevant legislation, regulation and/or our wider stakeholders, such as Homes England. The most likely percentage we will use to set the initial rent will be 2.75% of the share we retain.

Pathways will increase Shared Ownership rents in accordance with the provisions in the lease, unless there are other overriding rules or regulations specifically requiring something different. In most cases, this will be an annual increase of CPI (Consumer Price Index) plus 1%. Should CPI be at such a level that applying the formula in the lease would mean the rent would decrease for the following year, then the rent will remain the same as the current year.

In exceptional circumstances, the full increase in rent may not be implemented or should be deferred. This would only be with the approval of the Board.

Your lease provides that your rent will increase in April. If you buy your new home from us and complete your purchase on or before the 31st December, your first change in rent payment will be made in April of the following year.

If the completion is after 31 December and before the rent review date, the rent increase will be in the subsequent April e.g. if you complete in January of 2026, your rent increase will be in April 2028.

The above does not apply to buyers of resale homes. In that case, the rent will increase at the next increase date, even if that is very soon after you complete your purchase. This is because you are buying an existing lease term and 'stepping into the shoes' of the person you bought from.

Ground rents

Pathways does not charge ground rent.

Buildings insurance

Pathways will provide buildings insurance cover for your home whilst you remain a Shared Owner. You will have been provided with a copy of your building's insurance policy when buying your home. You will always find the latest policy document on our website here.

As with any other services we provide, we make sure we are achieving good value for money. Pathways adds a fee for the arrangement of buildings insurance, where all other services are provided via a managing agent.

Pathways do not seek or receive any commission for the placing of buildings insurance.

Should you need to make a claim, you should refer to your insurance policy, or you can contact us for guidance and assistance.

You are responsible for your home contents insurance.

Service charges

Everyone living in a block or estate that has shared communal areas will contribute to the cost of maintaining the area.

A service charge is collected to cover the cost of the services, maintenance and repairs to shared parts of buildings and/or estates. It will include sums towards the cost of future work that may be needed from time to time (please refer to sinking or reserve funds below. This is to help avoid needing to ask for one off sums when such works are needed.

In most cases, a managing agent (agent) will be responsible for all the services, including setting and collecting service charges. To make things as straightforward as possible for you, we'll seek to have an agreement with the management company and their agent to collect your service charges directly from you.

The agent will calculate the estimated service charge at the beginning of every year and they will let you know what you will need to pay. At the end of each year, they will produce an account showing how much was collected and spent and if there is a shortfall or surplus which may need to be paid or refunded. We will review agents' service charges at least annually and make representations where we believe necessary. We will also pass on your views or concerns to the agent where raised with us.

Sinking and reserve funds

The terms sinking and reserve funds are often used interchangeably. Sinking funds are generally for something specific, e.g. to resurface the road in 20 years' time. Reserve funds are usually not specific and accrued to deal with things that might be needed every few years or to cover an unexpected, large expenditure.

As with the service charge for day-to-day maintenance, it's most likely this will be dealt with by the agent who manages the estate. Where they are collecting a reserve/sinking fund this will most likely be included with the demand for service charges. The agent must keep this money in trust to meet legal requirements.

We will share any information we receive from the managing agent about sinking or reserve funds so that you are kept fully informed. We will review the agent's sinking and reserve fund plans at least once a year and raise any concerns or necessary points on your behalf. If you share any feedback or worries with us, we will pass these on to the managing agent for their consideration.

Major and cyclical works

Major or cyclical works are larger pieces of work that typically take place every five to twenty years, although sometimes they may be needed sooner or later.

- For estates of houses, this can include things like resurfacing roads, footpaths, or car parks, and replacing play equipment
- For apartment buildings, it can cover replacing roofs or windows, renewing lifts, or carrying out major repairs to mechanical or electrical systems.

These works are often expensive and may require formal consultation. Formal consultation—known as Section 20 consultation—gives anyone who pays a variable service charge the chance to comment on the proposed works before they go ahead.

Wherever possible, the cost of major or cyclical work will be prefunded by the accumulation of a sinking or reserve fund. It's difficult to forecast future works precisely, so there will be occasions where sufficient funds won't have been saved. In such events, Pathways will require you to clear the balance within 12 months of being billed.

Pathways Shared Owners pay a variable service charge, so Pathways must carry out Section 20 consultation whenever it is required by law.

Most Pathways estates will be managed by managing agents, so they are responsible for contacting you directly about any required consultation for works or services they are providing. They may work with Pathways as part of this process, and we will help them where needed.

If you receive a consultation letter and would like to talk it through, Pathways is also here to help. The consultation letter will explain the proposed works or services, outline the expected costs, and tell you how you can provide any comments (known as "observations"). You do not have to submit observations, but you are welcome to if you wish.

Management and administration fees

Management fees are charged for the ongoing services provided by Pathways and/or the agents managing the estate. Administration fees are charged for services you may need on an exceptional basis.

Currently all services to estate our homes are on are provided by managing agents.

The management fee is calculated based on the cost of providing this service directly or via agents to you and your estate.

The management fee is usually a fixed annual fee collected with the service charge.

The fee for each year will be set out in both the estimated service charge, sent to you at the start of each year, and in the year-end accounts.

The management fee will be reviewed each year and will be set out in the estimated service charge.

Administration fees will cover the cost of the administration to provide any one-off services required. Pathways maintains a list of its administrative charges which it updates annually. The list of charges can be found here.

Collecting rent/service charges

An important obligation as a Shared Owner is for you to pay the charges required in your lease. This will include the Shared Ownership rent and service charges. The service charges will, as a minimum, cover your home's building insurance premium (while you are a Shared Owner) and a management fee. Because Pathways is currently only selling houses, the service charge will relate only to shared estate areas such as landscaped spaces, roads, footpaths, streetlighting and similar communal infrastructure.

As explained in the Service Charge section above, we enter an arrangement with the estate owner and/or the estate management company to collect service charges from you, the Shared Owner, directly.

This means each year you will receive demands for:

(a) the rent, building insurance and Pathways management fee, which is payable to Pathways; and

(b) the service charges for the estate which is payable to the agent managing the estate.

Each year we will send you a notice telling you what your rent will be for the year ahead. These notices will follow the requirements of the lease and our related legal obligations, which may mean that they appear formal. We expect payments to be made by direct debit.

Where we, and not the estate management company, are required to collect service charges we'll do this at the same time as we tell you about your new rent unless the lease requires us to do this at a different time.

Arrears

If you fall behind with your payments (go into arrears), we'll get in touch to let you know in case there has been an error or oversight which needs to be addressed.

We may contact you by phone, letter, text message, or email. Because it's important to keep your payments up to date, please make sure you respond as soon as you can.

If you are having any financial difficulties, we would urge you to contact us to let us know before you miss any payments. This will give us the chance to provide guidance on any support that may be available to you. Where you have short-term financial difficulties, we can come to an agreement to recover any missed payments over a short period of time.

If we don't hear from you and/or you miss more than one payment, our arrears procedure may include taking legal action and contacting your mortgage lender. Where we take legal action, we will seek to recover the costs of the action in full. In such circumstances, it is common for a Shared Owner's mortgage provider to pay the landlord (i.e. Pathways) to clear the arrears and add this to your mortgage. This is because they need to protect the security your home provides for their loan to you. Your mortgage lender may take their own action against you even if you have been keeping up with all your payments to them.

It's important that you are aware that falling into arrears can put you at risk of losing your home and affect your ability to get credit or loans in the future.

Hardship

Should you find yourself in a position where you aren't able to pay your rent/service charge or you are struggling to keep up with your obligations as a Shared Owner, please let us know. Pathways is committed to helping you stay in your home, and we may be able to offer you guidance on how you may be able to do this. We may also be able to offer you some direct assistance with debt and/or obligation you aren't able to meet.

3. Access, Covenants and Enforcement Action

Breach of lease and enforcing covenants

It's really important you comply with your obligations set out in your lease. If your personal circumstances mean you are struggling with any obligation in your lease, please contact us immediately, especially if your need to act is related to health or safety e.g. you are not able to afford the cost of servicing your boiler.

We would always prefer to work together in a cooperative way, but if we need to, we will revert to the lease for the appropriate action. This would include requiring access to your home.

If we need to take action to deal with a breach of a term (covenant) of the lease, we will seek to recover all costs of having to act. This may include charging an administration fee for the work or action required by Pathways to address the breach. This could, for example, involve the cost of gaining access to a home. We may need access to your home to ensure compliance with the lease or to undertake an essential repair you are either unwilling or unable to do.

When it comes to matters affecting safety, we'll act based on our best assessment of the facts and the advice of relevant authorities (e.g. Fire and Rescue Service) and/or appropriate professionals and consultants. If possible and appropriate, we will ask you to undertake the work directly. Where we have to be involved, we will want to recover all of our costs including an administration fee. This could include taking legal action if necessary (see the next section below for more details about this).

If you are experiencing hardship and you have informed us about this, we will look at how we can help.

Recovery of legal costs

We never want to resort to legal action unless we believe it's the most appropriate way forward in the circumstances. Wherever possible, we will want to recover our legal costs. This applies whether we are dealing with a third party, you, or your neighbours. Examples include:

- A third party doing (or failing to do) something that causes a nuisance or affects Shared Owners
- A Shared Owner not meeting their lease obligations, requiring Pathways to step in
- A Shared Owner asking Pathways to take action because a neighbour's behaviour is affecting their enjoyment of their home.

We will always seek to recover any legal costs from the parties we are acting against or having to raise a defense against.

Where we are having to enforce covenants against a Shared Owner for breach of obligations, we will seek to recover all costs incurred including asking for an order for the costs from the Court.

Possession

Pathways is committed to helping you remain in your home, only taking action to recover possession of your home as a last resort when all other reasonable avenues have been exhausted. We will only take this action in the most serious cases where there are high levels of arrears, serious breaches of the lease, and/or other serious matters, e.g. misrepresentation when buying your share.

4. Your Lease

Lease variation

On rare occasions, variations to leases may be required which can be requested by the Shared Owner or Pathways.

If a variation is required on Pathways' part, this will usually be to amend the lease to rectify an error. Under these circumstances, Pathways will ensure that any rectification will be drafted to be as fair as possible to both parties and changes will be made to allow for sustainable management of the property/ properties, block, estate and/or area. Pathways will cover the cost of the variation.

Ideally, we will try and agree any necessary or desirable variation with you and have them carried out with consent. Should this not be possible we will follow the provisions outlined in sections 35 and 37 of the Landlord and Tenant Act 1987.

If you ask us to make a variation and we agree, you'll need to cover the costs involved.

If the variation you request would reduce or remove a right that Pathways has under the lease, and we agree to it, we may only approve it if a premium is paid. This premium is in addition to any costs or charges for processing the variation request.

Extending your lease

Extending the Lease – where Pathways is the Freeholder

Pathways will be selling all homes on leases of 990 years. This means it's extremely unlikely you will ever need to extend the lease you have bought from us.

In the future, should Pathways buy homes where the leases originally granted were for a term of less than 990, e.g. 125 or 99 years and you need to extend your lease, Pathways is happy to help. Where Pathways owns the freehold, we are happy to extend your lease, so you have a term of 990 years.

Extending your lease will involve costs. Pathways aren't able to give advice on whether a lease extension is the right choice for you, so we strongly recommend getting independent professional advice to understand what's best for your circumstances.

If you decide to go ahead with a lease extension, there will be costs you'll need to cover. These may include some or all of the following:

- Your valuation fees
- Our valuation fees
- Our administration charges
- Our legal costs
- Your solicitor's costs
- The premium (the charge for extending the term)
- Stamp duty land tax.

The costs you will need to meet will be determined by how you go about extending your lease. When taking your own independent advice, it's important that you ask about the fees you'll need to pay as they can mount up. Some of these costs will be payable even if you don't decide to complete the extension.

Extending the Lease – where Pathways is not the Freeholder

In rare circumstances, Pathways may not own the freehold of your home. In this situation, we will only be able to grant you an extension increasing the term to our own lease length minus one week. If this is not long enough for your needs, then Pathways will need to increase the term it holds.

If Pathways will need to increase the lease term before being able to grant you a longer term, there will be additional costs and fees. Again, we urge you to take independent advice on whether an extension is right for you and the costs it could entail.

Lease extension premium

The premium is the amount Pathways will charge to grant the extension.

5. Defects, Maintenance and Repair

Defects

We take every care to check everything in your new home is as it should be. If we spot something which we aren't able to address before you move in, we will let you know what we will do and when we will do it by. While our checks are thorough, some issues may only become noticeable once you have settled into your home, and this is completely normal in a newly built property.

A defect is something in your home that isn't working as it should, or where the workmanship or materials don't meet the expected standards. In simple terms, it's when something hasn't been finished quite right, or stops working much sooner than you'd reasonably expect. This includes issues linked to workmanship, materials, design or installation that don't meet National House Building Council (NHBC) or similar provides requirements.

The following are not considered defects under NHBC guidance:

1. Minor cosmetic marks - small scuffs, paint imperfections, minor shrinkage cracks
2. Natural drying out movement in a new home
3. Issues caused by normal wear and tear, accidental damage or maintenance.

To help us support you quickly, please take a moment to look around your new home and try out the appliances and installations once you've moved in. We would then suggest you report any issues you find using the details provided in our welcome letter.

Don't worry if you miss something and/or something goes wrong later down the line; you can still report it using these methods.

Warranties

All our new homes come with at least two levels of warranty.

The first is for up to two years after the builder has handed the home to us. This warranty runs concurrently with what is referred to as the Defects Liability Period. The Defects Liability Period usually lasts for up to one year after the home has been built (and in some cases up to two years) and requires the builder to put right issues that are classified as defects. This warranty provides reassurance if the builder does not return to complete the remedial work, or if there is a disagreement about the standard of the repairs.

The second warranty is insurance backed for up to ten years from when the builder handed the home over to us. We will tell you when these two respective warranty periods end as well as when the builder's Defects Liability Period ends.

The ten-year warranty covers the main structure of your home. This protects you if there are defects in major parts such as the foundations, load-bearing walls, roof structure, or similar structural elements.

It does not cover minor issues like cosmetic defects, damage or normal wear and tear (please see the section below: Repairs to Your Home).

It is important you report defects to us as soon as you notice them, so we stand the best chance of having the builder return and put them right.

In addition to the building warranty, the appliances in your home (e.g. dishwasher, washing machine, hob, oven, extractor hood etc.) where applicable will all have manufacturer's guarantees which will need to be registered by you when you move in. Should any of the appliances develop faults, you'll need to contact the manufacturers directly.

Other installations in your home are also likely to have warranties which will need registering and may offer longer guarantees against faults. Typically, this will include your boiler and perhaps your windows. **Please make registering them a priority so you don't miss out.**

Approximately a year after your home was completed (or in some cases two), we will arrange to visit your home with the builder to do a final inspection to pick up any remaining defects. This inspection and the ensuing list of any defects noted will then be addressed by the builder.

Please do not attempt to repair a defect yourself, as this could invalidate the warranty protection in place. If a repair is attempted and the issue later reoccurs or worsens, you would be responsible for addressing any resulting problems.

Once your home is outside of the two-year warranty period, you have the benefit of the 'Initial Repairs Period' which is defined in your lease. This lasts for a period of ten years from the date of your lease. More information about the Initial Repairs Period is set out below.

Initial Repairs Period

Once your home is out of the defects period and the two-year warranty, you will have the benefit of the 'Initial Repairs Period' (IRP) which lasts for ten years from the start of your lease. During the IRP, Pathways will deal with external and structural repairs needed to your home without charge to you. This does not include dealing with routine maintenance, which you will still be responsible for. If the work needed is covered by a warranty or insurance, Pathways will also cover any excess or fees charged.

The IRP also provides a payment of up to £500 per year for essential repairs needed inside your home. Any unspent allowance in one year may be rolled over to the following year - meaning a payment of up to a maximum of £1,000 could be claimed if there was no claim in the preceding year.

To make a claim under the IRP, ideally you need to let us know before you make a claim so we can help guide you on whether the repair is covered by the IRP. If you don't do this (e.g. in the event of an emergency) you are still able to make a claim, but only for things covered by the IRP and only if you use a **TrustMark approved** tradesperson.

Please contact us for more information on the IRP.

Cover for damage to the building and the cost of repairs resulting from an insured peril is also available via the building insurance. If works are covered by insurance you may claim any excess payable by you up to the limit of the available IRP allowance for that year. See the building insurance section.

Repairs to your home

Once out of the IRP, as a Shared Owner, you will be responsible for all the repairs, maintenance and upkeep of your home. The lease broadly defines your responsibility, so if you are in doubt, please refer to it.

Please note before you do any repairs (other than in the case of an emergency) you should check to see if the repair is covered by a warranty and/or will be covered by the Initial Repairs Period (IRP) meaning you may be able to claim for some or all of the cost of repairs inside your home or Pathways will deal with an external repair. You may lose out if you deal with an issue which might have been covered by warranty or the IRP.

Houses

Once out of the IRP, you will be responsible for all external elements as well as the internals.

Flats

If you live in a flat, you will only be responsible for the internals of your home. The common parts of a block, estate and/or development will be maintained by the owner - usually Pathways if we own the freehold. The cost will be recovered via a service charge payable by those who benefit from the services received, i.e., the leaseholders.

Maintenance

To keep your home safe and in good working order, you'll need to arrange some regular servicing and maintenance. The most important system to maintain is your boiler, or any other main system used to provide heating and/or hot water. The boiler must be maintained in line with the manufacturer's instructions. Regular servicing will be a condition of any extended warranty.

If this equipment is not properly maintained, it could result in a loss of heating or hot water and may also pose a safety risk to you, your household, and nearby residents. Please be aware that failing to maintain your boiler or primary heating system may also be a breach of your lease.

Your home may use an alternative to a traditional boiler as its main source of heating and hot water. This could be a heat pump or a system connected to a Combined Heat and Power (CHP) network or a Central Energy Plant (CEP) (see below).

If your home has a heat pump or a heat interface unit (HIU) (which is used in homes connected to a CHP or CEP), these systems will also need regular servicing. HIUs, servicing is usually carried out by the operator of the wider heating system.

It's important that you allow prompt access for HIU servicing where required. Poorly maintained HIUs can affect not only your own heating and hot water but may also disrupt the supply to nearby neighbours.

Combined Heat and Power (CHP) and Central Energy Plant (CEP) heating and hot water systems

Some estates may have CHP or CEP systems which provide homes with heating and hot water. In such cases, we expect the estate/development manager to deal with the billing for the cost of the heat and hot water used for each home.

They will also deal with the servicing of the main system (often called the primary system), keeping it running and dealing with any unplanned outages.

The estate/development manager or the contractor they appoint to deal with all matters will contact you directly. They may contact Pathways in the event you are not responding or cooperating with them.

Where a development has a CHP/CEP, it's now common practice for the manager of the system to service the Heat Interface Unit (HIU) within each home. This is a vital part of keeping these systems running reliably and efficiently. If asked, please provide prompt access for a service to keep the system in good condition. Having HIUs which haven't been serviced can result in costly outages of heat and hot water for numerous households and not just your own.

Repairs and warranties

As explained in the Defects section above, your home is covered by warranties that may cover certain repairs needed within the first two years after completion. To make sure this protection remains valid, please do not carry out any repairs yourself before checking whether the issue is covered by a warranty.

In an emergency such as escape of water, serious leaks or power failure, especially if these are outside normal working hours, you should take any necessary steps to prevent further damage or to ensure you can continue to live safely in your home. Where you have been provided with details of out-of-hour emergency cover by the builder, please keep these handy.

If an issue occurs during normal working hours (9am–5pm), please contact us immediately. We may be able to arrange for the builder to attend quickly, particularly if they are still working nearby.

6. Requests and Consents

Decorating your home

You are welcome to decorate your home to suit your taste, and you can also make small or minor alterations if you wish. This could include things like putting up shelves or changing light fittings. Any work you carry out should always be done safely and, where appropriate, by a competent or qualified person. You don't need to tell us about minor works like these. However, if you're ever unsure, we'd be happy to help.

New homes take time to settle and fully dry out. Because of this, we usually suggest waiting up to two years before decorating. This helps avoid any moisture being trapped by paints or other finishes, which can sometimes lead to damp or make it harder to understand what's caused it. If it becomes clear that damp has been caused by work you have carried out, your warranty may not cover the issue. A competent professional decorator should be able to advise you on materials to avoid, but if you are unsure, please seek professional advice.

Alterations and improvements

If you are planning to make larger changes to your home, particularly improvements that could affect its value, you will need to let us know in advance. Changes that may impact the value of your home can include smaller alterations, such as installing fitted wardrobes, as well as more significant works like fitting a new kitchen or bathroom, creating off-street parking, building an extension, or adding a conservatory.

You need to tell us about alterations, additions or improvement as the lease requires you to do this. You also need to tell us because if you make changes which have an impact on the value of your home, we need to be aware of them when you come to staircase or sell your home. Where you make changes which increase the value of your home, we will disregard the additional value when you staircase or make sure you are recovering the increased value if you sell on. Please note it is not always possible to recover the full increase in value of improvement if you only sell your share of Shared Ownership home.

Not all changes will increase the value of your home. Some changes will have little impact on the value or possibility make your home less attractive to others, especially if they are highly stylized which might affect the value.

If defects or issues arise as a result of alterations, or are made worse by them, they will not be covered by your warranty. You will be responsible for maintaining and repairing any work you have carried out.

Tell us about changes you're proposing to make to your home includes any adaptations for disabilities. This includes those completed by a local authority and/ or with funding of a Disabled Facilities Grant (DFG).

We'll charge you a non-refundable administration fee (except for adaptations for disabilities) to consider your application for changes. This fee will vary depending on the extent of the changes you are proposing. This is to reflect the increased cost of looking at a more complicated or extensive proposals for changes. Pathways may need to employ external consultants to consider things like technical drawings or specifications by surveyors, architects or engineers. Their charges will be payable by you in addition to Pathways' own admin charges. Please see our Administration fees for more information here.

If you're not eligible for DFG funding or you wish to install disability-related adaptations yourself, we won't charge an administration fee for our consent. You will still be responsible for all other costs, fees, and expenses including if we need to employ consultants to look at your proposals.

If you make alterations without consent you are likely to be in breach of your lease, which is very serious. A retrospective application for consent will be more costly. If we wouldn't have given you consent, we may ask you to reinstate, or do this ourselves and charge you. Charges could include administration costs for enforcement of lease terms.

We will not normally grant permission in the following or similar circumstances, where the proposed changes:

- May affect the property's structural integrity
- Would involve the blocking of light or would cause a blockage to a right of way
- Would cause unnecessary and enduring disturbance to neighbours
- Would impact on the safety of your home, for example replacing a fire door with a non-fire door
- In our opinion, would adversely impact an area of the estate owned by Pathways.

Would cause issues with access to areas owned by Pathways or your neighbours.

In some circumstances, we may be prevented from granting consent due to lease, superior lease or other title conditions, or other conditions outside of our control.

Prior to works starting, you must get planning permission and Building Control consents for any works where legally required, and ensure you comply with all relevant requirements, including having the work done by a qualified and competent person. You are responsible for covering all costs associated with the changes as may be required e.g. those charged by the local authority.

Pathways' consent to undertake any alterations or adaptations will be strictly conditional on you getting all relevant planning permissions and Building Control consent. The work must also comply with the relevant codes and regulations in force at the time. Where there is a change in these codes and/or regulations that require retrospective compliance, it will be your responsibility to ensure you meet the new requirements as necessary, including the costs of such works.

Pets

We consider pets to be those sorts of animals commonly understood to be domesticated pets; this will include:

- Cats
- Dogs
- Rabbits
- Fish
- Small caged birds
- Non-venomous snakes and reptiles
- Non-venomous insects and spiders
- Small caged rodents.

Pathways recognise the joy and companionship a pet can bring. We also recognise that most people take great care and responsibility for their pet and do their best to ensure their pet isn't causing a nuisance or annoyance to their neighbours or others. Recognising this, Pathways allow you to keep pets with minimal restrictions. There are, however, some rules that we need to observe. The rules are different for those living in houses and flats.

If you are living in a house, you may keep pets without contacting us first, provided it's one of the animals permitted as set out in this section.

If you live in a flat, you will need to check with us first before keeping a pet. This is because your lease may prohibit the keeping of pets. In such circumstances, we may not be able to allow you to keep a pet. We do not charge a fee for dealing with requests to keep a pet. Where a fee is charged by a superior landlord you would need to pay this.

If we find that a pet is causing a breach of the lease, for example by creating a nuisance to others, causing damage to the property, or where there are concerns about the pet's welfare, we may need to take action. Where action is required, we will seek to recover any costs we incur, in line with the cost recovery arrangements set out in this policy.

We do not allow any animals to be kept that are dangerous, particularly those banned under the 1991 Dangerous Dogs Act, or that would require a license under the Dangerous Wild Animals Act 1976.

Further we do not allow any other animals that are not generally considered to be pets and particularly not:

- Birds of prey
- Cattle, horse or any form of livestock or farmyard animal including cockerels
- Bees/beehives.

Pathways does not allow commercial breeding or boarding of animals in your home or on its estates.

We do not set a limit to the number of pets you can keep but generally, we would not accept you keeping more than three larger animals like cats or dogs. However, provided your animals are well cared for and they do not cause a nuisance or annoyance to your neighbours, we wouldn't take action. The onus will very much be on you to make sure that your pets aren't causing a nuisance. Please remember that people can be shy about complaining directly, but they may still raise concerns with us or other authorities.

If we receive a complaint about pet ownership, we will first work with the residents involved to help them resolve the issue between themselves.

If a resolution cannot be reached, particularly where we feel the pet owner is not engaging with the process or is not keeping their pet in an appropriate way, we may need to take further action. This is especially likely where our guidance on the number or types of pets has not been followed. We'll seek to recover our costs from the Shared Owner where the pet is residing.

CCTV and video doorbells

As a Shared Owner living in a house, you can install CCTV cameras and systems (CCTV). This includes doorbell cameras (included in this Policy under the abbreviation - CCTV). You do not need to tell us if you want to install CCTV unless you are proposing to install an extensive system, especially if you will be drilling through the main structure of the building, including windows and doors.

If you are installing CCTV which involves drilling through the fabric of the building, or doors and windows, you may invalidate warranties. This could mean that if you have any problems caused by the work you have carried out, you may need to cover the full costs of putting it right yourself.

If you're thinking about installing CCTV because you are experiencing issues, please let us know first to see if we may be able to help.

Our approach follows Government guidance for homeowners, which you can read here. You may find it helpful to review this before installing CCTV. If you do go ahead, you'll be responsible for making sure your system meets all legal and regulatory requirements. We're not able to give advice beyond what's set out in this policy, but further guidance is available from the Information Commissioner's Office (ICO) here.

We understand that CCTV can help you feel safer at home, but in some cases, there may be simpler alternatives, such as improved lighting, that could also help.

If you do install CCTV, you must carefully consider the location of cameras and the area they will record. If your cameras capture images beyond the boundary of your property, e.g. neighbours' gardens or public footpaths or other areas, you may need to comply with General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA). It's your responsibility to make sure you comply with these requirements. Regrettably, Pathways aren't able to help you with this. If you're unsure of what's required, please take independent advice. Failing to comply with the GDPR and/or DPA can lead to action against you.

We would strongly suggest that before putting up CCTV you speak to your neighbours, explaining what you want to do and why.

Should Pathways become aware you are failing to comply with the requirements to comply with regulations and/or you are using your CCTV in an inappropriate way, we may ask you to remove it and pursue action in the event you don't. If we have to take action, we will seek an order to recover our costs.

Many new estates have CCTV. If you want to find out information about the use of CCTV on your estate, you should contact the relevant estate manager.

Subletting

Shared Ownership leases do not permit Shared Owners to sublet their homes. This is one of the Government's rules for shared ownership and means Pathways must make sure you comply with it. However, there is scope to grant permission to sublet for a limited period of time in exceptional circumstances.

When we do, it maybe be necessary to impose special conditions in some cases. If it is necessary to do so, we will explain why.

Where we give consent, we will charge an administration fee for dealing with applications from Shared Owners to sublet their home.

If you have a mortgage, you will need the consent of your lender to sublet. Our consent to sublet will be conditional on you obtaining this consent and complying with all conditions set by your lender and any subsequent requirements. We may ask you to provide us with evidence that you have this consent as part of your application to us to sublet.

Our consent will be conditional on you letting your home in accordance with all relevant rules and regulations in force at the time of our consent and whilst it is sublet. You must keep up with changes to the relevant rules and regulations and ensure your home is maintained and managed in accordance with them.

We aren't able to give any advice on any requirements you will have to comply with as a landlord, though we may ask you to evidence you're complying with them. If you aren't able to provide evidence, we'll consider this a breach of the consent and the lease and may commence action accordingly without any prior notice. This will be most likely when you fail to comply with any requirements to keep your tenants safe.

If you sublet without our permission, we will take appropriate action. This could include legal steps to take possession. We may commence these immediately if we have concerns, especially if they are about the safety of your tenants.

Short-term lettings, such as short-term holiday lets, are also likely to be considered a breach of other requirements of your lease, such as running a business. We are unlikely to agree to allow such arrangements, particularly if they do breach the terms of your lease with us. We also won't consent to you subletting your home as a 'house in multiple occupation'. A house in multiple occupation is when one or more individuals or households live in one property and share a kitchen, toilet and/or bathroom.

We are able to be more flexible if you wish to take a lodger. You still need to get our approval first.

7. Staircasing and Selling and your home

Buying more shares (staircasing)

As a Shared Owner you may live in your home for as long as you like at the share you bought. However, when you are ready you may increase the share you own through a process known as staircasing.

There are two ways for you to increase the share you own in the first 15 years. These are:

- Gradual staircasing, which is the opportunity to buy an additional 1% share every year for 15 years after your purchase
- Standard staircasing, which allows you to buy an additional share of 5% or more at a time of your choosing.

Gradual staircasing

Pathways' policy regarding gradual staircasing is to follow the requirements set out in your lease. We strongly recommend that you read your lease so you understand what it says about this. We also have a helpful guide explaining your rights, which you can find here.

Pathways will send you a notice each year in June. This notice is called Additional Percentage Value Notice (APVN). The notice will let you know how much it will cost to buy an additional 1% share in your home. You will then have three months to make a payment for the additional share. If you have any outstanding sums, you will need to clear these in full before or at the same time as you pay for the additional 1%. On completion of the purchase of the additional 1% share, we will recalculate your rent to reflect your increased share.

When you buy an additional 1% share, you will only need to pay your own costs incurred.

If you would like to buy an additional 1% share but weren't able to within three months of the APVN, you may ask for a new Additional Percentage Value by making an Additional Percentage Valuation Request (this is simply a written request to us). You can make this request anytime provided it is not within three months of an existing APVN.

If you don't agree with the Additional Percentage Value we have calculated, you are able to query this. However, this is likely to incur costs which you will need to meet. Equally if you have provided us with a valuation which we aren't able to agree with, we are able to query this, which will be at our own cost. Wherever possible, we will try to avoid unnecessary costs being incurred.

Standard staircasing

Pathways' policy regarding standard staircasing is to follow the requirements set out in your lease. We strongly recommend that you read your lease so you understand what it says about this. We also have a helpful guide explaining your rights, which you can find here.

You are able to exercise your right to staircase using the standard provisions at any time. This right extends beyond the 15-year limit in place for gradual staircasing.

You begin the standard staircasing process by sending us a written notice letting us know that you want to staircase. This simply means letting us know that you'd like to buy a further share. For convenience, you can use the form included in the guidance notes.

Staircasing through this process will involve costs, even if you decide not to go ahead with buying an extra share. For this reason, we recommend making sure you're confident that you can complete the purchase and that it's the right decision for you.

We can't give you advice on whether you should buy more shares or when you should do this. If you're unsure, we suggest getting independent advice before starting the process.

The costs and fees involved in staircasing will include at least:

- Valuation fee
- Legal costs and expenses
- Pathways administration fee.

Other costs and fees could be payable, including mortgage arrangement/product fees and charges and Stamp Duty Land Tax.

An approved valuer - a Chartered Surveyor registered with RICS - will assess the value of your home. This valuation will determine the cost of any additional shares you buy. You must pay the valuer's fee before the valuation takes place.

The valuer will assess your home in line with the terms of your lease. They will ignore any increase in value from home improvements that we have already given permission for. If you carried out any work without our consent, please tell us. Depending on the type of work, you may need to apply for retrospective consent. See the section above on alterations for more details.

The valuer will assume you have maintained your home in accordance with the lease, so if there are any maintenance issues these will be disregarded in the valuation.

The valuation will usually be valid for a period of three months, after which time it will need to be reviewed and updated. Should the valuer make a charge for updating the valuation, you will need to meet this cost. There must be a valid valuation in place at the time you complete your purchase.

Shared Ownership resales

We define a resale as a Shared Ownership home where the current owner wants to sell.

The lease will usually provide Pathways with a period of four weeks to find a buyer for the home. We will use the same criteria found in our Allocations Policy (available here) to determine who is eligible to buy a resale. There may be additional local requirements in place which we will also need to follow. Where there is a local requirement, these may take priority over and above our Policy. Where this is the case, we will make these criteria known within our property listings when we market the property.

Where we have more than one interested buyer the 'First Come, First Served' approach set out in the Allocations Policy will be followed. This will be based on the date and time we receive a completed application. A completed application is one which has been approved by the independent financial advisor and is accompanied by all the required supporting information. Incomplete applications or financial assessments will not count toward prioritisation. Where there are additional local requirements, "First Come, First Served" will still apply but only to those meeting local requirements equally.

Shared Ownership resales homes will be sold at the full market value as determined by a RICS (Royal Institution of Chartered Surveyors) qualified valuer. Pathways will instruct the valuer but the seller will need to cover the cost of the valuation. Valuations are usually only valid for three months. If the sale is not completed in this time, a revised valuation may be needed, the seller will be responsible for the cost of the updated valuation. The value may go up or down based on the outcome of the valuation.

The valuation for resale will be in its current condition. Any improvement will be included in the value. It may not be possible to recover in full any increase in value (or the cost you incurred) of improvements when you are selling your share.

If the seller isn't happy with the valuation, the seller can query it. If it's not possible to arrive at an agreed valuation, the matter can be referred to the District Valuer Services (DVS). The seller will be responsible for the DVS fee.

In addition to covering the cost of the valuation, a valid energy performance certificate (EPC) will be needed. The seller is responsible for arranging this, and for paying any cost involved.

As a minimum, a buyer of a resale must buy at least the existing share. It is possible to buy a larger share at the same time. This will be discussed during the financial assessment. Where the buyer's income is such that a larger share is affordable, this should be considered. There could be a requirement to buy a larger share than the seller owns where finances allow this to be done sustainably.

The financial assessment will be undertaken by one of our approved financial advisors. This will be free of charge to potential buyers (in this paragraph you refers to the potential buyer). They may offer to arrange a mortgage for you, there is no obligation for you to take them up on this offer. Should you wish to consider this you should make enquires about any fees and costs charged as you will be required to meet these directly.

If we're successful in finding a buyer, we'll charge the seller a resale fee of 1% of the full market value of the seller's share.

If we don't find a buyer within the nomination period, you're free to sell your share on the open market via an estate agent. This would be subject to any special conditions which would still need to be met (you would have been made aware of these when buying your home).

You must market your share at the value stated on the RICS valuation, and you must not sell for more than this value.

Alternatively, you can choose to sell the full equity (i.e. on the basis that the purchaser buys 100% of the equity of your home) via an estate agent. You will need to staircase to 100% ownership and sell at the same time (this is known as 'back-to-back sale' or 'simultaneous staircase and sale'). The cost of the additional equity will be paid for by the buyer.

You can sell your home for more or less than the RICS valuation if you sell the full equity on the open market. The minimum payment for our share must be no less than the RICS valuation for the Staircasing. The valuation is valid for three months and must be up to date at the point of completion. The costs of the valuation must be met by you.

The buyer's solicitor will be responsible for registration of the purchase with Land Registry.

8. Miscellaneous

Alternative accommodation

If you need to vacate your home (for example, to allow for works to be done), you are usually responsible for finding and funding your own alternative accommodation. We'll consider providing alternative accommodation in some exceptional circumstances.

Should you need to vacate your home due to something covered by the building's insurance, they may cover the cost of alternative accommodation.

If you must move out of your home, we may suspend the rent payable in accordance with the lease requirements while your home is empty and being repaired and for a reasonable time after your home is ready to return to.

Management companies

A management company (man co) is a company normally set up to carry out the covenants and responsibilities of the freeholder of a development and/or the estate.

In the majority of cases, home owners on housing estates will have the ability to become a member of the estate man co. Man co members are entitled to vote on propositions raised in meetings held by the man co about the execution of the freeholders' obligations in respect of the estate and the man co's administration.

Members of the man co are also eligible to become a director. Directors of the man co are responsible for ensuring that the man co's duties are discharged. The man co will usually appoint a management agent (agent) to deal with day to day execution of the man co's responsibilities on its behalf.

Where a home is sold on a Shared Ownership basis, the usual position is that the lessor (Pathways) would retain the voting right and the right to be appointed as a director.

Wherever possible, as part of our commitment to empowering our Shared Owners, Pathways seeks the agreement of the estate/development man co to provide the option for Shared Owners to become a member of the man co instead of Pathways.

Provided the man co for our estate/development agreed to Shared Owners taking Pathways' membership, you would have been offered the opportunity to become a member of the man co when buying your home.

If you took this opportunity, then you have the right to both vote and become a director of the man co. If you became a member, you are not obliged to vote, nor are you obliged to stand as a director.

If you did not take this opportunity, you will not be able to vote directly. Instead, where you wish to express preference on any matter put to a vote by the man co, you should communicate this to Pathways, which can cast the vote pertaining to your home on your behalf.

9. Glossary and Definitions

	Definition
Admin/Administrations fee	An administration fee is charge for one-off or exceptional services outside of the regular management service provided and covered by the management fee, such as processing consents, enforcement actions, or reviewing complex alteration requests. Fees vary based on the complexity and amount of work required.
Assignment	For this Policy this refers to the owner of a Shared Ownership home selling or otherwise passing their interest to someone else who will become the new Shared Owner.
CCTV	CCTV (Closed-Circuit Television) is a video recording system using cameras to monitor and record activities in their area of operation.
Central Energy Plant (CEP)	For this Policy a central energy plant (CEP) is a dedicated facility that generates and distributes heating and hot water to homes in a particular location, like an estate or a block or blocks of flats.
Combined Heat and Power (CHP)	Combined Heat and Power (CHP) systems like CEP generate heat and hot water for the use of homes in a particular location or blocks of flats.
Consumer Price Index	The Consumer Price Index (CPI) is a measure of inflation, tracking changes in the prices of a representative basket of goods and services over time.
Covenant	A covenant is a legally binding obligation or promise found in leases, Transfer documents and/or rent charge deeds.
Defect	A defect is work not completed to a proper professional standard or something that fails far sooner than it should have. Minor imperfections such as hairline plaster cracks or other minor cosmetic imperfections or accidental damage or issues from mistreatment are not defects.
Defects Liability Period	The Defects Liability Period (DLP) is the period—typically up to one year, and in some cases up to two years after a property has been completed, during which the builder is required to return and put right any defects. Some non urgent defects that do not affect the use of the home may be addressed at the end of the DLP.
Equity/Equity share	The shares in a Shared Ownership home are also known as equity or equity shares so if you own 40% share this might also be referred to a holding 40% of the equity.
Heat Interface Unit (HIU)	A HIU is a piece of equipment similar in size and design to a normal gas boiler but instead of using gas to provide heat and hot water it uses hot water from a CEP/CHP to provide heat and hot water in your home. A HIU needs regular servicing to make sure it is working properly.

	Definition
IRP	An initial repair period (IRP) is a period of up to 10 years from the start of a new Shared Ownership lease where the Pathways' is responsible for paying for certain essential structural and external repairs. In also provide for Shared Owners to claim up to £500 per year for qualifying maintenance in the home. The IRP ends after 10 years or if the home is no longer in Shared Ownership.
Management company	A management company (man co)is company, created to manage, maintain, and service shared areas in a building and/or an estate. The man co are usually responsible for collecting service charges and dealing with all repairs and maintenance requirement as well as making sure the lease obligations are complied with.
National House Building Council (NHBC)	The National House Building Council (NHBC), is a not for profit provider of new home warranties and building inspection services. Shared Owners will have the benefit of the warranty the NHBC or other organisation provide.
Rent charge deed	A rent charge deed is a legal document which will require a freeholder to contribute to the financial obligation for maintenance of shared areas.
Section 20 consultation	A section 20 consultation is a formal consultation required by the Landlord and Tenant Act 1985 providing those that will be asked to pay for works or services over set cost levels information about what is proposed together with an opportunity to comment on the proposals.
Staircasing	Staircasing is the process of buying additional shares in a Shared Ownership home, allowing the Shared Owners to increase their equity stake and reduce the rent paid.
Transfer document	A transfer document formally transfers ownership of a property from one person to another, it is also likely to include legally binding promises often known as covenants and restrictions.
Warranty	In this policy, Warranty refers to the new home warranty that applies when a property is first built. These warranties typically provide protection against defects (see definition above) for up to two years after completion, followed by a further structural warranty period of around 8 to 10 years. The structural element covers major issues affecting the integrity of the building, such as problems with foundations, walls, roofs, or chimneys.