

Rent Recovery Policy

1. Introduction

- 1.1. This Rent Recovery Policy sets out ReSI Housing's approach to managing rental arrears and related charges within its shared ownership portfolio. ReSI Housing is committed to ensuring that rent recovery practices are fair, transparent, proportionate and fully compliant with statutory and regulatory requirements, including the obligations contained within shared ownership leases.

2. Purpose

- 2.1. For all shared ownership properties, the purpose of this policy is to ensure that ReSI Housing adopts a consistent and transparent approach to the recovery of rent and associated charges. This policy sets out how arrears will be managed, the escalation routes available where arrears are not resolved, and the governance arrangements for write-offs. It also confirms how ReSI Housing will comply with statutory requirements, including the six-year limitation period for recovering arrears, and reflects the direction of travel created by recent leasehold reforms.

3. Scope

- 3.1. This policy applies to all shared ownership residents, and shared ownership properties owned by ReSI Housing where rent and/or other sums are payable under the shared ownership lease. It does not apply to properties where the shared owner has staircased to 100% ownership. All staff, the Fund Manager and Property Managers, are expected to comply with this policy when working with shared owners.

4. Commitment

- 4.1. ReSI Housing will communicate clearly with shared owners in relation to the amount of rent that is due, when it is due, and how it can be paid. Where arrears arise, ReSI Housing will take a firm but fair approach, seeking to support shared owners to resolve arrears at the earliest opportunity. We will engage early, offer repayment arrangements where appropriate, and signpost residents to independent debt advice where needed. We will use enforcement action only where proportionate and as a last resort.

5. Legal and Regulatory Context

- 5.1 ReSI Housing will adhere to all relevant legislation, regulatory requirements and best practice when collecting rent and managing arrears. ReSI Housing is bound by the terms of the shared ownership lease. In managing arrears, ReSI Housing will take account of applicable legal requirements including the statutory limitation period that applies to debt recovery. ReSI Housing will also reflect the developing requirements under the Leasehold and Freehold Reform Act 2024 and associated commencement regulations as they come into force, particularly where they affect transparency of charges and the recovery of costs.

6. Approach

- 6.1. Rent is due in accordance with the shared ownership lease. It is the responsibility of shared owners to ensure that rent is paid when it falls due. ReSI Housing expects rent to be paid by Direct Debit wherever possible. Where a shared owner cannot pay by Direct Debit, alternative payment methods may be agreed. Where arrears accrue, ReSI Housing or its appointed Property Manager will contact the shared owner promptly to understand the cause, agree a plan to resolve arrears, and prevent the debt escalating.

7. Arrears Management

- 7.1. Where rent remains unpaid after the due date, ReSI Housing or its appointed Property Manager will initiate contact with the shared owner to notify them of the arrears and request payment. If arrears continue, ReSI Housing will issue further reminders and may request financial information to support an affordability assessment. Where appropriate, repayment plans will be agreed and monitored.
- 7.2. If the shared owner fails to engage or does not keep to an agreed repayment plan, ReSI Housing may issue formal notices in accordance with the lease and may progress to pre-legal action. Legal action, including court proceedings, will only be used as a last resort, and only after reasonable attempts to resolve the arrears have been made.

8. Engagement with Mortgage Lenders

- 8.1. ReSI Housing recognises that most shared owners will have a mortgage secured against their leasehold interest. ReSI Housing will therefore take an active approach to engaging

with mortgage lenders where arrears persist or where enforcement action is being considered. This engagement is intended to protect the shared owner, safeguard the lender's security, and support early resolution.

- 8.2. ReSI Housing will normally notify the mortgage lender where one or more of the following apply: where the account reaches the equivalent of eight weeks' rent arrears; where arrears have continued for two consecutive months; where a repayment plan has failed or has not been maintained; where formal pre-legal action is being considered; or where there is evidence that the shared owner is no longer able to sustain payments and the risk of default is increasing.
- 8.3. Where a shared owner has a mortgage and arrears reach a trigger point, ReSI Housing (or its appointed Property Manager) will notify the mortgage lender in accordance with the provisions of the shared ownership lease and any applicable pre-action requirements. ReSI Housing will provide the lender with sufficient information to understand the level of arrears, the history of engagement with the shared owner, and the steps taken to support resolution.
- 8.4. ReSI Housing will request that the lender engage proactively with the shared owner and consider appropriate action to remedy the arrears, including (where the lender deems it necessary) making payments to clear or reduce arrears to protect its security. ReSI Housing will allow the lender a reasonable opportunity to intervene before commencing legal proceedings, except where urgent action is required to protect residents, the property or ReSI Housing's position.
- 8.5. Where legal action is pursued, ReSI Housing will continue to keep the lender informed of key steps and outcomes, including any court dates, orders, or settlement agreements. ReSI Housing will not take steps that would prejudice the lender's rights under the lease or relevant legislation and will ensure that lender engagement is appropriately recorded on the case file.

9. Enforcement and last resource measures

- 9.1. ReSI Housing will use enforcement action only where proportionate and as a last resort. Where arrears are not resolved through early engagement, repayment arrangements and support, ReSI Housing may consider formal recovery routes including court action for a money judgment.

- 9.2. Where the shared ownership lease and applicable law permit, ReSI Housing may, in exceptional circumstances, consider forfeiture action. Forfeiture will only be considered where arrears are serious and sustained, and after ReSI Housing has engaged with the shared owner and the mortgage lender as set out in this policy. In all cases, ReSI Housing will take steps to ensure lenders' rights and protections under the lease are respected and that any action complies with statutory requirements and relevant procedural requirements.

10. Write offs

- 10.1. ReSI Housing will work to recover all rent and associated sums due through all reasonable means. However, ReSI Housing is required to write off arrears that are legally unrecoverable. Arrears that fall outside the statutory limitation period of six years are statute-barred and must be written off, as they cannot be enforced through the courts.
- 10.2. Write-offs will be approved by the Executive Team within delegated authority limits. All write-offs, including those arising due to the statutory limitation period, will be reported to the Board periodically (at least quarterly) to support transparency and governance oversight.
- 10.3. The Board report will summarise the value of write-offs, the reasons for write-off, and any themes or control improvements identified.

11. Equality and Diversity

- 11.1 ReSI Housing is committed to making sure all services are accessible to all our residents.
- 11.2 This policy will be applied in a way which ensures we treat all customers with fairness and respect. We recognise our duty to advance equality of opportunity and prevent discrimination or victimisation on the grounds of age, sex, sexual orientation, disability, race, religion or belief, gender re-assignment, pregnancy and maternity, marriage and civil partnership and any other protected characteristics defined within the Equality Act 2010. On request we will provide translations of our documents, policies and procedures in various languages and formats including braille and large print.

12. Monitoring and review

12.1 The ReSI Housing Board has overall responsibility for oversight of rent recovery and arrears performance. Regular reports will be provided to the Board summarising arrears levels, trends, recovery activity, legal actions and write-offs approved. ReSI Housing may commission periodic internal audit or assurance reviews of arrears management to ensure compliance with this policy and to identify opportunities for improvement.

13. Review

13.1 This policy will be reviewed every two years, or sooner where required due to changes in legislation, regulatory standards, or operating arrangements. Any material amendments to this policy must be approved in accordance with ReSI Housing's governance arrangements.

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