

Voluntary or Assisted Voluntary Sale (AVS) NHAS factsheet

What is AVS?

Where it becomes clear that a property is no longer affordable or sustainable in the long-term, a borrower may have to explore ways to exit homeownership, or reduce the cost by downsizing.

Some lenders are able to provide some assistance with this process and may refer to this assistance as an Assisted Voluntary Sale, Assisted Sale or Supported Sale. It is important, however, for the borrower to understand that any such support is at the discretion of the lender and so is not recognised as a formal 'scheme' to assist households.

It is also important to remember that under the existing pre-action protocol for mortgage action, the court and the lender will need to consider any action the household has taken to actively market the property, where there is a reasonable chance that selling the property will clear the outstanding arrears and balances.

For the purpose of this factsheet and accompanying adviser guide, we refer to lender support to sell a property as Assisted Voluntary Sale (AVS).



Advantages of AVS

- Avoids the costs and trauma of the repossession process
- Provides a borrower with more control over how they 'exit' homeownership
- May achieve a better price for a property – repossessed properties often sell for a lot less than homes sold by the owner
- May enable a client to 'exit' with a lump sum

Finance environment

- The property will require an up-to-date valuation to see whether the selling price will cover the mortgage and any arrears (for all secured lending on the property)
- The lender will need to give permission for the sale, where the valuation reveals there will be a shortfall sale
- The anticipated length of time to sell the property because until the property is sold, the household will continue to be liable for mortgage payments, and arrears may continue to rise
- The borrowers will need to find alternative accommodation
- Other sustainability options and income maximisation which might make the property affordable

Potential support a lender may provide to allow an AVS or assisted sale to progress

- Allowing the borrower time to sell
- Agreeing to lower repayments and/or halt legal action while the sale is going through
- Helping with legal or estate agents fees
- Helping the borrower to market the property
- Providing a deposit or rent in advance to secure alternative accommodation after the sale

Remember that it is also possible a lender maybe willing to agree to a form of support to a borrower, even where they do not have a recognised assisted voluntary sale scheme.

To find out much more about AVS, please use the Supporting people to exit homeownership through a voluntary or assisted voluntary sale: A good practice guide available from www.nhas.org.uk

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