**Please see below for an outline of the Homebuy scheme.**

1. **Criteria**

Although the scheme is mainly for first time buyers, we will consider applicants who are homeowners and wish to repurchase due to:

* relationship breakdown.
* needing to move to a cheaper property due to having difficulty meeting the mortgage repayments.
* needing to move to a larger property due to an increase in the size of the family, but cannot afford a larger mortgage and/or do not have sufficient equity in the current property to move on.
* needing to move to a more suitable property, due to a member of the family having a disability and the current property cannot be adapted to meet the family’s needs.
1. **Loan conditions**

Conditions stated below:-

* The maximum purchase price is different for each area – we can discuss this with you if you are interested in the scheme.
* We consider the size of your family in relation to the size of property. One bedroom more than needed is allowed.
* Following a financial assessment we will confirm the % loan (30% usually but in special cases we can consider up to 50%)
* The loan would be secured against the property by a second charge to Grŵp Cynefin.
* The loan, if you decide to sell or to purchase the property outright, will be payable to Grŵp Cynefin.
* A valuation of the property will be required by a professional qualified surveyor who is a member of the Royal Institute of Chartered Surveyors (RICS) at the time of repaying the loan (you would be responsible for paying for the valuation and Grŵp Cynefin would organise the valuation)
* After receiving the valuation Grŵp Cynefin will confirm what the % of the value of the property is at that time. Please note – it is not the amount of the original loan that will need to be repaid, but the % loan at the current value of the property.
* Where the applicant has savings we disregard £7,000 per household, and therefore the applicant is expected to use the remainder of their savings towards the purchase.
1. **Property conditions**

***3a. The property must be:***

* for sale on the open market with vacant possession, which is habitable immediately;
* acceptable for mortgage purposes;
* a residential property and not in commerical use; and
* the property can be a new build or an existing property.
* A property offered on a leasehold basis (usually flats) has a term of at least 60 years remaining, and it is possible that some lenders will require a longer term e.g. 70 years.
* The property must be your **sole home** (although an exception may be made for Service personnel who may be sent away from the area to work in the future).
* If buying a new property on a development, we would expect the property to be ready within 6 months of the date of approving your application and within the financial year that it is approved.

***3b. The property cannot be:***

* a caravan, boat or any other mobile home (including fixed homes encompassed by the Mobile Homes Act 1983);
* the property of or partly owned by a close relative (with the exception of when the purchase is being made as a result of marriage breakdown or relationship breakdown);
* occupied by tenants;
* being offered with a subsidy or discount by a public body.
* You will be given 6 weeks from the date of this letter to search for a suitable property. If you have not found a property within the time limit the loan will be offered to the next applicant, and you will be replaced on the register.
1. **Mortgage**
* You will have to provide a deposit on the purchase price.
* Your mortgage must be a repayment mortgage offered by an approved lending organisation.
* Prior to exchange of contracts we will need a copy of the Offer of Mortgage, as well as a copy of the valuation for mortgage commissioned by the mortgage lender.
1. **Fees**
* Please ensure that you have sufficient savings to pay the legal fees, mortgage lender valuation fee, mortgage account fee and possible product fee and Stamp Duty land tax - <https://www.gov.uk/stamp-duty-land-tax>
1. **The legal process**
* Once we receive confirmation that your application has been approved by Welsh Government, we will write to your solicitor, enclosing the legal documents.
* Your solictor will need to send to you, following receipt from us, the original loan agreement including the legal charge, and a letter including examples of the repayments and the corresponding Annual Percentage Rates (APRs).
* Contracts must be exchanged within **six months** of approval by Welsh Government and within the financial year that the loan is offered. If the contracts have not been exchanged within this time then it is possible that you may need to reapply for approval.
* Once you are in a situation to exchange contracts you will need to instruct your solicitor to contact Grŵp Cynefin’s solicitor in order to follow the legal process.
* If everything is in place legally, our solicitor will pay the money for the loan to your solicitor, ready for completion. Ideally 14 days should be allowed between exchange of contracts and completion, to allow us to claim the money from Welsh Government, but we can be flexible about this.
1. **Repayment procedure or selling a property subject to a Homebuy scheme loan**
* If you decide to sell the property you must inform us in writing of your wish to sell – by letter or e-mail.
* **Pre-purchase Agreement.** When the property was purchased your entered into a Pre-purchase Agreement with Grŵp Cynefin, giving Grŵp Cynefin the opportunity to nominate one or more eligible people to buy your property according to Welsh Government / Grŵp Cynefin Homebuy terms. **Please note**, the restriction against the property as a result of the Pre-purchase Agreement will remain **if you repay the loan on a voluntary basis.**
* You will be required to repay the loan in one payment when you sell the property, or if you wish to remain in the property and repay the loan to Grŵp Cynefin.
* However, if the original loan is for 50% you can repay the loan in two instalments i.e. you may pay 20% so that the loan reduces to 30%. In time you will be able to pay the loan fully to Grŵp Cynefin.
* In order to calculate the amount payable when repaying the loan we will need to receive a further valuation report on the value of the property on the open market, certified by a professional qualified surveyor who is a member of the Royal Institute of Chartered Surveyors (RICS). (*The valuation must be from an independent source i.e. not anyone who is either involved in marketing or selling the property, or anyone who represents the seller or the buyer of the property*).
* We can arrange to obtain a valuation report for you; however, you must pay the cost before Grŵp Cynefin can organise the valuation. Please complete Appendix 1 and return it to us if you wish Grŵp Cynefin to arrange this on your behalf.
* The valuation is valid for 3 months. If the repayment is due when selling the property, and the sale has not been completed within that period, we can submit a request to the original valuer to provide a letter to extend the valuation. Please note – this is not always possible and you may have to pay for a further valuation.
* If we cannot come to an agreement between you and us on the property’s value on the open market, then the opinion of an independent qualified valuer nominated/appointed by agreement between the parties will be sought, or, if agreement cannot be reached, by the president or on behalf of the president of the Royal Institute of Chartered Surveyors at the time at the request of either party, and the decision of such a valuer will be final.
* The amount payable to Grŵp Cynefin will be the % of the sale price of the property at the time, as stated in the legal charge signed by you when completing the property purchase.
* **Legal Charge – Selling price.** The selling price is the value of the Debtor’s interest in the property at the date of repayment assuming a sale on the open market as a vacant property by a willing seller to a willing buyer and the Debtor has implemented the covenants included in the Deed, but disregarding the value of any additions or improvements made by the Debtor with the permission of the Lender after the date of this Deed (“Selling Price”)
* **Legal Representation**. Whether you wish to sell the property, or repay the loan, you will be required to instruct your solicitor to act on your behalf in this matter for the purposes of Land Registry application – Revocation of record with regards to legal charge and restrictions. Any costs to be paid by you.
1. Please see below some matters for your consideration:-
* Consider arranging life insurance to repay your mortgage and the loan to Grŵp Cynefin in case of death. If you do not do this, it could lead to the property being sold and, as a result, any dependants (if you have any) could lose their home. You are advised to seek independent advice.
* Consider insuring the property and its contents and seek independent advice regarding insuring Grŵp Cynefin’s interest in the property.
* You are responsible for ensuring that the property is insured for the full replacement cost of the property against insurable risks. Usually via a comprehensive insurance policy for a private dwelling, which specifically includes insurance against the risk of subsidence and that Grŵp Cynefin’s interest is noted in the policy against comprehensive risks for full replacement costs with an insurance company, and that the Lender’s interest is noted in the policy. We will have the right to ask you to provide a copy of the policy on an annual basis.
* You may make adaptations to your home. However, you will need to receive permission, and if applicable, planning permission/building regulations consent. You may borrow additional money to make improvements to the property. However, permission will only be given if the total amount of the loan is no higher than the percentage of the property that you own and that you are able to afford the repayments. We will have the right to refuse this request if we feel that it is not in the best interests of the owner.

**Example**

Initial purchase price £120,000

Loan from Grŵp Cynefin (30%) £36,000

Deposit that you pay to the seller (5%) £6,000

Your mortgage £78,000

Market value at time of repayment £200,000

You repay to us (30% of £200,000) £60,000