

## **Please see below for an outline of the Shared Equity 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.

### **2. Details of the Shared Equity scheme**

- usually shared equity is offered on a property purchased directly from a developer, housing association/local authority or existing property purchased in the past.
- the applicant will be required to conform with the Section 106 criteria (the Section 106 is a legal document from the Council) e.e. local connection.
- the equity loan can vary and it would be a requirement that you can fund the % remaining via a mortgage or a combination of a mortgage and savings.
- the equity loan will be secured against the property, and no rent or interest will be payable on the loan.
- under certain circumstances you will not be able to repay the loan.
- a minimum deposit of 5% is required (subject to the mortgage lender's requirements).
- We normally consider the size of the family against the size of the property and ensure we follow the priority guidelines set out in the A106.

### **3. Mortgage**

- You will have to provide a deposit on the purchase price – a minimum of 5% of the open market 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.

### **4. 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>

## 5. The legal process

- Legal Representation. Whether you wish to sell or buy the property, you will be required to provide instructions to your solicitor to act on your behalf in this matter for the purposes of Land Registry applications – revocation of record with regards to legal charge and restrictions. Any costs payable by you.
- Once you are in a situation to exchange contracts you will need to instruct your solicitor to contact the developer's solicitor in order to follow the legal process.

## 6. Repayment procedure (dependent on the Section 106 agreement) or selling procedure

- If you decide to sell the property you must inform Tai Teg in writing of your wish to sell – by letter or e-mail.
- In accordance with the Section 106 agreement on the property, Tai Teg must follow the process to seek to nominate a Registered Social landlord and/or an eligible person(s) in need of affordable housing.
- In order to calculate the amount payable when repaying the loan or selling the property, 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).*
- If applicable you will be required to repay the loan in one payment when you sell the property.
- If we cannot come to an agreement between you and us on the property's value on the open market, then the matter must be referred to the relevant Local Authority.
- **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 ("Selling Price").

**7. Please see below some matters for your consideration:-**

- Consider arranging life insurance to repay your mortgage and the loan if applicable 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.
- 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 the Lender's interest is noted in the policy.
- If you are considering making adaptations to your home, you will need to (if applicable):-
  - a. receive legal advice regarding what the Section 106 on the property states.
  - b. receive permission from the Local Authority
  - c. receive planning permission / building regulations consent.
- If you are borrowing additional funds to make improvements to the property, permission will not be given for a total amount of loan higher than the percentage of the property that you own and that you are able to afford the repayments. The request may be refused under some circumstances.