

# After Sale Shared Equity Procedures

February 2019

# Introduction

This Guidance is designed to cover after sale procedures in relation to Scottish Government's various shared equity schemes – Help to Buy (Scotland), Help to Buy (Scotland) Affordable New Build and Help to Buy (Scotland) Smaller Developers Scheme (all of which are referred to in these procedures as “HtB(S)”), Open Market Shared Equity (“OMSE”) and New Supply Shared Equity and New Supply Shared Equity with Developers (both of which are referred to in these procedures as “NSSE”) as well as the original Homestake scheme. The most common after sale matters are:

**Exercise of Golden Share**

**Change of Owner**

**Change of Lender**

**Additional Secured Loan – same lender/different lender**

**Increase stake to less than 100%**

**Increase stake to 100%**

**Sales**

**Subsequent Securities**

**Grant of Tenancy**

**Expiry of 19 years/Application of the 20 Year Security Rule**

**Corresponding with Owners**

**Valuations and Letters of Reliance**

**Enforcement of Primary Lender security / Appointment of Trustee**

**Alterations to the Property**

**Death of Owner**

# Registered Social Landlords – Reasonable Administrative Costs

In these procedures, references to a “registered social landlord” or “RSL” are to the registered social landlord which entered into the relevant shared equity transaction with a purchaser, or which acted as the administering agent on behalf of Scottish Ministers in relation to HtB(S) transactions. For transactions which completed prior to 6 April 2008 the shared equity documentation will have been entered into in the name of the RSL whereas documentation entered into after that date will run in the name of Scottish Ministers, care of the RSL. This guidance and the template correspondence set out in the various Annexes seek to cover both scenarios.

Each RSL which acts as the agent for Scottish Government in connection with the administration of any shared equity transactions should draw up a set of charges which should reflect the reasonable administrative costs for work that the RSL will undertake on post-sale HtB(S), OMSE and NSSE transactions.

RSLs should make clear that:

(a) these reasonable costs should be paid by a shared equity owner in advance and they are non-refundable – as mentioned below these may be by cheque but it may be simpler and quicker to do so by credit or debit card - see Section 10 – Corresponding with Owners.

(b) every transaction will involve a range of further legal costs as well as, for example, search and registration fees and where appropriate Primary Lender arrangement and other fees and costs. The Owner should discuss all of these fully with their legal and/or financial adviser at the start of the process and before entering into any commitments.

(c) where the consent or approval of the Primary Lender is required the Owner should satisfy themselves in consultation with their advisers that such consent will be forthcoming before entering into any financial commitments.

These points are set out in the relevant correspondence which we have provided in the Annexes.

## **Consent of Developers**

RSLs should bear in mind that, in relation to post-sale transactions which involve a purchaser who has purchased their home under the NSSE with Developers scheme, on occasion it may be necessary for the consent of the relevant Developer to be obtained in addition to that of Scottish Ministers, since the shared equity documentation which the Developer will have entered into with the purchaser, while separate from Scottish Government’s documentation, should have been prepared in similar terms.

Indeed this may mean that the Developer's consent or agreement is required as a condition of Scottish Ministers giving their consent (for example, where the owner wishes to remortgage, or to change their lender it will be important to ensure that the equity stakes of the Developer and Scottish Ministers do not differ from each other). Such situations tend to arise fairly infrequently, and so not all of the templates contained in these procedures have been drafted so as to specifically cater for NSSE with Developers scenarios, but reminders have been inserted where appropriate to highlight the main situations where the Developer may have to be consulted. In any situation, if a RSL is unclear as to whether they require to contact the Developer, the RSL should contact either Scottish Government or Harper Macleod to discuss further.

### **Accuracy of Calculations and Information**

A number of after sale matters will require the RSL to calculate the levels of equity stakes and amounts due to be repaid to the RSL or to Scottish Ministers. RSLs should appreciate that where they are acting as the administrative agent on behalf of Scottish Ministers, the RSL is responsible to Scottish Ministers for ensuring that all such calculations are accurate and that the correct information or monies are passed on to Scottish Ministers or to Scottish Ministers' solicitors or to shared equity owners, as the case may be. RSLs should therefore ensure that they have appropriate systems and checks in place, and that staff are appropriately trained, for this purpose.

# 1 Golden Share transactions

In the majority of shared equity transactions, an owner will have the option of increasing their equity stake after the initial purchase to 100 per cent. In certain circumstances however, where there is a highly constrained supply of affordable housing and little or no scope for this supply to be increased, Scottish Ministers may be allowed to retain an equity stake (of around 10% in the case of OMSE transactions or 20% in the case of NSSE transactions) in the property which is known as a 'Golden Share'.

Whether or not a Golden Share will operate in an area will generally be agreed with the local authority. The 'Golden Share' provision potentially applies to transactions undertaken under both the OMSE and NSSE schemes. The 'Golden Share' provision does not however apply to HtB(S) transactions.

Further information on Golden Share transactions (including worked examples) are set out in the Scottish Government's [Administrative Procedures](#) for the OMSE and NSSE Schemes. [Buy-back and re-sale guidance](#) is also located on the Scottish Government website.

## 2 Change of Owner

If an owner wishes to either add someone else to the property title or remove someone who is currently named in the title deeds, they should in the first instance ask their legal and /or financial adviser to approach their lender to seek their approval and at the same time contact the RSL who should send the owner one of the following:-

- Letter/email – Proposed change of Shared Equity Owner – Person Added (Annex 1A) incorporating Form for Additional Shared Equity Owner (Annex 1B)
- Letter/email – Proposed change of Shared Equity Owner – Person Removed (Annex 1D) incorporating Form for Removal of Shared Equity Owner (Annex 1E)

Depending on which letter/email (1A or 1D) is sent to a shared equity owner it should contain a note of what the RSL's fees will be and it should note that those fees will be payable in advance and are non-refundable. It is therefore important to advise the owner to be satisfied that their lender will approve whatever arrangement they are proposing before they proceed with paying the non-refundable fees.

Once the RSL receives a completed form from the owner, they should send an email to Harper Macleod in the form set out in Annex 1C or 1F.

Harper Macleod will draft the relevant documentation for execution by the Primary Lender, the owner(s) and the RSL or Scottish Ministers depending on whether the documentation was entered into pre- or post- 6 April 2008.

Scottish Ministers consider it both unnecessary and inadvisable to discharge and reconstitute their security and will not be doing so. Provided that there is no change to the Primary Lender Priority Debt (as defined in the ranking agreement), no Valuation is required. In some instances the Primary Lender may wish to proceed by way of a discharge and the creation of a new security to secure the primary lending. There will be different documents and an increase in costs for the applicant if the Primary Lender proceeds in this way.

Harper Macleod will advise the RSL and Scottish Government when the matter has been completed. Upon completion the RSL should submit a 'project change request' in HARP to provide information about the change of name and the property address. If possible the HARP Property Reference Number should be provided.

### 3 Remortgage or Additional Loans

Where an owner wishes to remortgage either with the same lender or a new lender the RSL should send out a copy of the letter/email set out in Annex 2(A) together with the form set out in Annex 2(B). The information engathered from the home owner will establish whether there is an increase in their original borrowing and the next step is to then establish whether the consent of Scottish Ministers is needed (and whether new shared equity documentation is required).

**It should be noted that what is being set out in this section is additional lending or remortgaging with the Primary Lender (the current or a new lender) and not lending from another lender in addition to the Primary Lender. Scottish Ministers' position on additional lenders remains that third ranking lending secured against the property is not permitted.**

#### **No consent required**

If an owner has paid back part of their mortgage and wishes to borrow up to their original mortgage amount with the same lender then no consent is required.

#### **For example:**

Original Purchase Price:	£100,000
Original Loan Amount:	£ 70,000
SG Stake:	£ 30,000

So in the ranking agreement entered into among the owner, their original lender and Scottish Government, the parties would have agreed that the original lenders security ranks first against the property for up to £70,000, with SG ranking second for the amount of its equity loan.

In this example the owner has paid back £6,000 of their loan and now wishes to borrow £4,000 to do up their kitchen

Current Loan Amount:	£ 64,000
Proposed Loan Amount:	£ 68,000

As the owner is not increasing their mortgage with their current lender above their original loan amount no consent or new documentation are required as there is no increase in the amount by which the lender will rank ahead of Scottish Ministers (i.e. up to £70,000).

#### **Consent required**

If an owner wishes to borrow in excess of their original mortgage, either with their existing or a new lender, then Scottish Ministers consent is required.

**For example:**

Original Purchase Price: £150,000  
Original Loan Amount: £120,000  
SG Stake: £ 30,000

So in the ranking agreement entered into among the owner, their original lender and Scottish Government, the parties would have agreed that the original lender's security ranks first against the property for up to £120,000, with SG ranking second for the amount of its equity loan.

In this example the owner has paid back £10,000 of their loan and now wishes to borrow £20,000 for home improvements or the owner wishes to re-mortgage with a new lender increasing their loan to £130,000

Current Loan Amount: £114,000  
Proposed Loan Amount: £130,000

Consent in this example is required as the amount which the primary lender would expect to rank ahead of Scottish Ministers is increased (i.e. from £120,000 to £130,000, which would require the parties to enter into a new amended ranking agreement in order to document the increased amount of the primary lender's first preference).

**If consent is required**

If consent of the Scottish Ministers is required, the RSL acting as the administering agent will need to be satisfied that the property has increased in value and that the proposed increase in borrowing can be covered by the owners share of the equity. This ensures that the Scottish Ministers' equity stake is still protected if the amount that the lender ranks ahead of Scottish Ministers increases.

The administering agent will need a copy of a current valuation of the property. This may either be one instructed by the RSL on the owners behalf or a copy of the current valuation which has already been provided to the Primary Lender. If the valuation is provided from the Primary Lender then confirmation will also be required from that valuer that the valuation can be formally relied upon by Scottish Ministers. In each case the valuation must be addressed to the party in whose name the Shared Equity is held which will be either the RSL or Scottish Ministers depending on when the shared equity arrangements were originally put in place -see [Section 12](#) on Valuations and Letter of Reliance.

A draft email to the Owner's solicitors together with a proposed Letter of Reliance is set out in [Annex 2\(D\)](#) and [Annex 2\(E\)](#) in the case of a re-financing and [Annex 2\(J\)](#) and [2\(K\)](#) where the advance is from the Existing Lender.

If the valuation demonstrates that the property has increased in value then the administering agent should calculate whether the owner has sufficient equity to cover their increased borrowing before deciding whether to approve or reject the proposal.



We have included a couple of worked examples below for an approval and rejection below.

### ***Reject***

#### **For example:**

Original Purchase Price: £ 70,000  
Owner's Deposit: £ 3,500  
Original Loan Amount: £ 52,500  
SG Stake: £ 14,000

In this example the owners have a total 80% stake in the property. The owners have paid back £2,500 of their loan and now wish to borrow £9,000 to do up their bathroom. A fresh valuation values the property at £72,000.

Current Balance of Loan: £ 50,000 (£52,500 - £2,500 paid off)  
Proposed Loan Amount: £ 59,000 (£50,000 + £9,000 new borrowing)  
Home Report Valuation: £ 72,000  
Value of owner's stake: £ 59,000 (81.9% of £72,000)

As the Valuation shows that there is not enough equity in the property then the owner will not be allowed to increase their loan amount. This is because there is an increase in the amount by which the lender will rank ahead of Scottish Ministers.

### ***Approve***

#### **For example:**

Original Purchase Price: £150,000  
Owner's Deposit: £ 8,000  
Original Loan Amount: £112,000  
SG Stake: £ 30,000

In this example the owner has a total equity stake of 80% stake in the property. The owner has paid back £10,000 of their loan and now wishes to borrow £20,000 for home improvements. A new home report values the property at £165,000

Current Balance of Loan: £102,000 (£112,000 - £10,000 paid off)  
Proposed Loan Amount: £132,000 (£102,000 + £20,000 new borrowing)  
Home Report Valuation: £165,000  
Value of owner's stake: £132,000 (80% of £165,000)

As the Home Report Valuation shows that there is enough equity in the property and that the proposed increase in the lender's prior ranking is covered by an increase in the valuation of the property then the owner will be allowed to increase their loan amount.

When the approval is granted, because the amount by which the lender will rank ahead of Scottish Ministers will increase (from £112,000 to £132,000) Harper

Macleod will prepare a new Ranking Agreement for execution by the owner, the Primary Lender, and Scottish Ministers. In certain cases, Scottish Ministers or RSLs (for pre April 2008 transactions) may agree to enter into a separate letter with the Primary Lender and the owner which will not require to be registered in the Land Register. This will only be available, if at all, where there is an additional loan with the same Primary Lender. If this is not to be registered, arrangements for secure storage of both an electronic and the hard copy must be put in place in order to protect Scottish Ministers' interests.

An email confirming that the transaction has completed will be sent by Harper Macleod to the RSL (copying in Scottish Ministers) at the end of the transaction.

### **Deed of Postponement**

From time to time RSLs and/or Scottish Government Shared Equity and Homeownership Team may be asked by a Primary Lender or its agents to sign a Deed of Postponement or some other form of Agreement - or even a letter regulating the ranking of their security with that of Scottish Ministers.

**These should never be signed.** The forms of Ranking Agreement used for the various shared equity transactions have evolved in discussion with the Council of Mortgage Lenders (now called UK Finance) and, among other matters, contain provisions for consultation and disclosure that Scottish Ministers require in all cases and the current templates are those which Scottish Ministers propose to use in all circumstances. No other forms are acceptable

## 4 Increase stake to less than 100%

### Old Rules – OMSE and NSSE

Many existing shared equity Agreements provide that an owner must wait a minimum period of two years after the initial purchase before they can increase their equity stake in a property to 80 per cent or beyond and up to 100 per cent if there is no Golden Share. Any subsequent equity stake increase can only take place if there is no Golden Share and should be at least one year after the date of the initial increase. This must take the owner to 100 per cent.

### New Rules – OMSE and NSSE

Under the new rules, the shared equity owner has the following additional options:

- (a) the shared equity owner can increase their equity stake at any time after acquiring the property;
- (b) the minimum additional equity stake increase must be at least 5% and (in cases where there is no Golden Share), if the previous equity stake brought the shared equity owner's equity stake up over 90% any further increase must be to purchase equity up to 100%.
- (c) the increase in the Equity Stake can occur at any time and may be within one year of any previous increase.
- (d) if there is a Golden Share the maximum amount that may be acquired by a shared equity owner is (a) 80 per cent in a NSSE property and (b) 90 per cent in an OMSE property.

**PLEASE NOTE THAT THESE CHANGES TO THE RULES AROUND INCREASING LIFT SHARED EQUITY STAKES APPLY RETROSPECTIVELY TO ALL OMSE AND NSSE AND HOMESTAKE TRANSACTIONS**

### HtB(S) Rules

The HtB(S) Administrative Guidance reflects the new rules above (with the exception of the Golden Share provisions which do not apply to the HtB(S) scheme). The following rules apply to shared equity owners under the HtB(S) scheme:

- (a) the shared equity owner can increase their equity stake at any time after acquiring the property;
- (b) the increase must be for a minimum 5% equity stake;
- (c) if the previous equity stake brought the shared equity owner's equity stake up over 90% any further increase must be to purchase equity up to 100%;
- (d) the owner may increase their equity stake up to 100%.

## Equity Increase Procedures

An owner can increase their equity stake regardless of whether the open market value of their property has increased or decreased.

An owner will be responsible for meeting all costs (including those incurred by the RSL when increasing their equity stake).

There will be no means-testing of owners following the initial purchase and RSLs must recommend to owners that they take independent advice before increasing their equity stake.

Annex 3(I) illustrates how a financial reconciliation would work in a non-Golden Share transaction when an owner increases their equity stake from 65 per cent to 85 per cent, and then from 85 per cent to 91 per cent and then from 91 per cent to 100 per cent.

The open market value of the property will be determined by the District Valuer or such other professionally qualified valuer as is agreed between the Scottish Ministers and an owner. For OMSE and NSSE properties, the valuation will reflect any improvements carried out to the property by an owner but will disregard matters such as lack of vacant possession, any breach of an owner's obligations, any security or other encumbrance, improvements and any reduction in value caused by adaptations carried out to meet the needs of a disabled person. In the case of HtB(S) properties, the valuation assumptions and disregards will be similar, but improvements carried out by the owner which Scottish Ministers have given written consent to are to be disregarded. **It will therefore be important that RSLs check individual shared equity agreements to be clear on the correct treatment of improvements for valuation purposes.**

In order to deal fairly with the shared equity owner the selected surveyor should be instructed to address the Valuation to the RSL - or as the case may be Scottish Ministers – and the shared equity owner. An example of such a letter is set out in Annex 2(K).

The shared equity owner is entitled in terms of the documentation to request that the RSL agrees a valuer of their choosing. If the RSL is not satisfied with the owner's selection of a valuer, they should insist that the District Valuer be used and inform the shared equity owner.

Once a copy of the Valuation is received it should be forwarded within seven days to the shared equity owner who has three months to increase their equity stake and make payment.

If the shared equity owner decides to proceed following receipt of the Valuation, the RSL should instruct Harper Macleod to record the change in equity share.

The RSL should provide the shared equity owner with information on what their fees will be. These will be payable in advance and are non-refundable.

Once the capital receipts are received by the RSL, they must be returned to Scottish Government More Homes Division Finance team at [Shared\\_Equity\\_Support@gov.scot](mailto:Shared_Equity_Support@gov.scot) along with a copy of the Equity Stake Increase Form (Equity Increase Form) set out in Annex 3(H).

**RSLs must also write to each shared equity owner on a five year cycle to enquire whether they are interested in increasing their shared equity proportion. Template letters/email are set out in Annex 3(A)(B)(C)(D)(E) and (G).**

## 5 Increase stake to 100% (No Golden Share)

Where an owner wishes to increase their equity stake to 100 per cent, the arrangements set out in Section 5 shall apply with regard to Valuation and reliance. Once a copy of the Valuation is received it should be forwarded **within seven days** to the shared equity owner who has three months to increase their equity stake and make payment.

If the owner decides to proceed following receipt of the Valuation, Harper Macleod should be instructed to prepare a Discharge of the existing Scottish Ministers security. The RSL should send the More Homes Division Finance team an Equity Stake Increase Form as set out in Annex 3(H) and arrange for the capital receipt to be returned to More Homes Division Finance team. They can be contacted at [Shared\\_Equity\\_Support@gov.scot](mailto:Shared_Equity_Support@gov.scot)

## 6 Sales

Where the shared equity owner wishes to sell, this can take place at any time unless there is a Golden Share in which case Scottish Government [Guidance Note](#) 2011/03 - Low-cost Initiative for First Time Buyers ('LIFT') Buy-Backs & Re-sales - shall apply.

The RSL should send an email to the owner with the disclosure mandate Annex 4 (C) in terms of the correspondence in Annex 4(A) and await a copy of the property schedule and Home Report.

**All shared equity owners are responsible for their own selling costs and they should ask their solicitors for details of their fees as well as all other fees and the cost of all searches, registration dues and all other outlays. The fees of the shared equity owner's solicitor are not to be deducted from the proceeds that are due to be returned to Scottish Ministers. While this should be clear to shared equity owners from the correspondence which is sent to them, the RSL should be alert to the possibility that owners or their solicitors may nonetheless seek to progress the sale transaction on the basis that the owner's legal fees will be deducted from the sale proceeds before the balance of the proceeds is returned to the RSL, and should seek to clarify and insist upon the correct position in all contact with the owner and their solicitors.**

The RSL should also obtain from the Valuer a copy letter of reliance in favour of Scottish Ministers or the RSL (dependent on whether shared equity was provided pre- or post- 6 April 2008) in the form set out in Annex 4(E) together with a copy of the marketing particulars or schedule for the property. If the property sale price is at least 95% of valuation (as read with the letter of reliance), and is at the highest price offered then the sale of the property may proceed. Valuations will be valid for a 6 month period from the date of issue and after this a refresh will be required.

If the proposed price is (a) less than 95% of Valuation, or (b) has been affected by any of the assumptions and disregards in the shared equity agreement, the RSL will be required to seek approval from the relevant Scottish Government More Homes Division area team in terms of the email set out in Annex 4(F).

The RSL should send an Open Market Sale Form set out in Annex 4 (H) to Scottish Government More Homes Division Finance team at [Shared\\_Equity\\_Support@gov.scot](mailto:Shared_Equity_Support@gov.scot)

The RSL should arrange for the capital receipt to be returned to the Scottish Government More Homes Division Finance team.

## **7 Subsequent Securities**

The terms of the Ranking Agreement prohibit the shared equity owner from granting any subsequent securities (i.e. securities ranking behind both the Primary Lender and the RSL or, as the case may be, Scottish Ministers) without receiving the consent of both the Primary Lender and the RSL or, as the case may be, Scottish Ministers.

Also, the terms of the shared equity agreement which the owner will have entered into with Scottish Ministers provides that, if another security is granted without the consent of Scottish Ministers, this triggers a "payment event" which would require repayment by the owner of Scottish Ministers' equity loan.

As a matter of policy, and in order to help ensure that owners can continue to afford to meet their secured lending commitments, Scottish Ministers will not give consent to the creation of any such additional securities, even if the proposed lender is willing to enter into a new ranking agreement in terms of which the new standard security would be third-ranking behind the securities in favour of the Primary Lender and the Scottish Ministers.



## 8 Grant of tenancy

Shared equity owners are no longer permitted to let their property under any circumstances, including as a holiday let, for Bed & Breakfast accommodation or letting a room to a lodger. Previously permission to let was given for limited periods in exceptional circumstances. However, following short assured tenancies being replaced by the private residential tenancy (“PRT”) in terms of the Private Housing (Tenancies) (Scotland) Act 2016, landlords are no longer able to provide for the tenancy to run for a limited period of time, since a key aspect of PRTs is that, once created, they continue without limit of time and landlords can only recover vacant possession if either (a) the tenant gives notice of their intention to leave or (b) certain grounds exist which justify an eviction order. This means that letting for short periods is not compatible with the new legislation, and so Scottish Ministers have decided that they will no longer grant any further permission to let.

Where previous permission to let was granted, and has now come to an end, no further permission to let will be granted. Copy correspondence to be sent to owners and their agents in relation to this is set out in Annex 5.

If it is found that a shared equity owner is letting their property, the owner should be contacted by the RSL and informed that they are in breach of their Shared Equity Agreement and the RSL should contact Scottish Government to recommend that Scottish Ministers' solicitors are instructed to take enforcement action. At the same time, the RSL should confirm to the owner other options which are open to them such as selling the property or increasing the equity stake to discharge the Scottish Ministers security.

## 9 Expiry of 19 years/Application of the 20 year security rule

The Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2018 came into effect on 15 February 2019 and removed the right to redeem securities after 20 years for those participating in designated shared equity schemes including the OMSE, NSSE and HtB(S) schemes. The purpose of this order was to address the so-called “20 year security rule”, the effect of which would be to entitle shared equity owners to repay Scottish Ministers’ equity stake following the twentieth anniversary of the owner’s purchase of their property, at its original value.

Some existing the shared equity agreements may provide that, after 19 years, a “payment event” is triggered, as a result of which the owner would require to pay to Scottish Ministers the full value of their equity stake at that time unless the owner granted a new second-ranking standard security in favour of Scottish Ministers. Provided the owner did grant a new standard security, that would defer the owner’s entitlement to redeem the equity stake under the 20 year security rule for a further 20 years.

Now that the 2018 Order has come into effect, no action will be required by RSLs in the nineteenth year after completion of relevant shared equity transactions, as no replacement standard security will be required. It will also no longer be necessary for any new shared equity purchasers to be given prior notice of Scottish Ministers' intention to vary the application of the 20 year security rule.

It should be noted, however, that the 2018 Order does not exempt all shared equity schemes from the application of the 20 year security rule. As mentioned above, the main Scottish Government OMSE, NSSE and HtB(S) schemes have been fully exempted from the application of the 20 year security rule, as have the Help to Adapt scheme, the Home Owners Support Fund (Mortgage to Shared Equity Scheme), and the shared equity scheme operated by Places for People Scotland, which means that any standard security granted in favour of Scottish Ministers or Places for People, whether before or after the coming into force of the 2018 Order, cannot be redeemed after 20 years by the shared equity owner.

However, the 2018 Order provides that, in relation to certain other shared equity schemes, the right to redeem will only be removed in relation to standard securities granted for the purposes of those schemes after the date when the 2018 Order came into force – i.e. 15 February 2019, and any standard securities granted for the purposes of those schemes before that date in relation to the relevant shared equity schemes will still be capable of redemption after 20 years. The shared equity schemes which come within this category are (a) the original Homestake scheme, (b) the NSSE with Developers scheme, and (c) certain local shared equity schemes operated by Aberdeen City Council, Aberdeenshire Council and East Dunbartonshire Council.

In relation to these schemes, therefore, those administering them should be mindful of the fact that the 20 year security rule will still be capable of applying where specific shared equity arrangements continue for a period greater than 20 years. Relevant shared equity transactions should be identified and monitored, and individual shared equity agreements should be checked, to see whether they address the point by triggering a "payment event" in year 19 of the shared equity arrangement unless the owner grants a new standard security at that time. If this requirement applies, it should be flagged to the shared equity owner as year 19 of the shared equity arrangement is reached, and arrangements made to have a replacement standard security granted and registered, in order to avoid triggering the "payment event".

## 10 Corresponding with Owners

**All** correspondence with the Scottish Government More Homes Division and Harper Macleod **must** be in electronic form.

Where the owner does not have an email address correspondence will, by default, be by letter. However, it is expected that the majority of shared equity owners will be contactable by email.

Accordingly, on initial contact RSLs should find out whether (a) the owner has an email address and (b) if so keep a record of it. Experience demonstrates that use of electronic correspondence where possible will both considerably expedite matters and avoid disputes over what has and has not been sent out.

Similarly although payment may be made by cheque RSLs may find it quicker and simpler to receive payment by credit/debit-card - usually by telephone.

# 11 Valuations and Letter of Reliance

Scottish Government practice is that it must be able to rely upon all Scheme 1 valuations including valuations in Home Reports. Scottish Government is unable to accept desktop-based valuations. Where a valuation is instructed directly by the RSL (e.g. in cases where the owner is increasing their equity stake) the RSL must ensure that the valuation is addressed to them or to The Scottish Ministers c/o themselves as appropriate. Where the valuation is instructed by a third party (e.g. in the case of a remortgage the Primary Lender or in the case of a sale the Seller) a Letter of Reliance must be obtained from the Valuer. Once again this Letter of Reliance should again be addressed either to the RSL or Scottish Ministers as appropriate.

- If the Shared Equity transaction was entered into prior to 6<sup>th</sup> April 2008 the documentation will be in the name of the RSL and the relevant Valuation/Letter of Reliance should be addressed to the RSL;
- if the Shared Equity transaction was entered into post- 6<sup>th</sup> April 2008 the documentation will be in the name of Scottish Ministers and the relevant Valuation/Letter of Reliance should be addressed to Scottish Ministers c/o the RSL.

RSLs should accordingly be aware of when the Shared Equity arrangement was entered into in order that the Valuations and Letters of Reliance are correctly completed by the Valuer. As you will see from the correspondence there are occasions when the Valuer will require to see a copy of the Shared Equity Agreement itself and RSLs should ensure that a copy is available from the outset.

## 12 Enforcement of Primary Lender security / Appointment of Trustee

The terms of the Ranking Agreements used in the various shared equity transactions which have been agreed by the Council of Mortgage Lenders require the Primary Lender to consult with Scottish Ministers prior to exercising its power of sale over the property. There will also be occasions (which happen less frequently) where a trustee in bankruptcy is appointed to the owner's assets.

It is the view of Scottish Government's advisers that the Primary Lender is legally bound to serve a copy of a calling-up notice on Scottish Government at the same time as a copy is provided to the shared equity owner.

If the RSL receives any contact from the Primary Lender or its agents indicating that the Primary Lender is considering exercising any enforcement rights including calling-up the standard security over the property or exercising its power of sale under the security, the RSL should send a letter to the Owner in the terms set out in Annex 7(A).

**Please note that neither the Scottish Government nor RSLs as Scottish Government's agents should or can provide advice to the Owner as to what steps they should take.**

The RSL should also send an email to the Primary Lender or their agent in terms of Annex 7(B) and forward a copy to the Scottish Government regional housing team keeping them advised of all progress. The Primary Lender may also request Scottish Ministers or as the case may be the RSL to waive the two month period for calling-up notices. If so the terms of the letter /email in Annex 7(B) should be extended as shown.

On occasion the Owner may have a trustee appointed either by the court or through a Trust Deed. Often the appointment will be at the instance of the Owner or, alternatively, by a creditor.

Although such an appointment may trigger a technical breach of the terms of the shared equity agreement, Scottish Government would normally wish to ensure that the Owner was able to remain within the property.

Accordingly on receiving notification that a trustee has been appointed the RSL should email the Trustee in terms of Annex 7(C).

From time to time the RSL may find that the Trustee wishes to sell the property in which case it is possible that the Home Owners Support Fund will be of assistance.

Once again neither the RSL nor Scottish Government should or can provide advice to the Owner and the RSL should email the Trustee in terms of Annex 7(D).

# 13 Alterations to the Property

## OMSE and NSSE properties

In terms of the OMSE and NSSE schemes any request by an owner to alter their property will be considered on a case by case basis. For OMSE and NSSE, any increase in the value of the property which is attributable to any additions or improvements undertaken to the property by the owner are taken into account if the property is being sold or where a payment event occurs. This is clearly set out in the shared equity documentation.

Owners should also be aware that it is a standard condition of the standard securities which they will have granted over the title to their home to both the primary lender and to Scottish Ministers that the owner should not alter or add to the property without the prior written consent of the security holder.

Accordingly, while Scottish Ministers are not positively seeking to restrict or control the ability of OMSE or NSSE owners to undertake home improvements, RSLs may on occasion be contacted by owners either requesting consent from Scottish Ministers as second ranking charge holders, or seeking clarification as to whether consent is required or how the proposed works will be treated for the purposes of the shared equity documentation.

If an OMSE or NSSE owner does contact the RSL in relation to such matters, the RSL should first determine whether the proposed works are of a type which require consent. Please see below for Scottish Government's view on material improvements and minor works. If the RSL determines from its initial discussions that the proposed works are minor in nature, then the RSL should indicate to the owner that the consent of Scottish Ministers is not required. Conversely, if it appears as though the proposed works are material, then the RSL should use the templates set out in Annex 9.

## HtB(S) properties

The position in relation to improvements is different for HtB(S) properties. Any alterations or improvements carried out to a property by a HtB(S) owner are **not** taken into account for the purposes of the valuation of the property, and again this is clearly set out in the relevant shared equity documentation. However, the prior written consent of Scottish Ministers to any alterations or improvements to the property **is** required, and such works will only be disregarded for valuation purposes if consent has been obtained. Scottish Government has made clear in the Post Sales Information which has been published for the HtB(S) schemes that substantial home improvements will not normally be permitted while Scottish Ministers continue to hold an equity share in the property, since the expectation is that if further funds become available to an owner, the funds should be used to purchase some or all of Scottish Ministers' equity share before the funds are spent on home improvements.

As with OMSE and NSSE properties, it is a standard condition of all HtB(S) standard securities in favour of Scottish Ministers that consent is required if the owner

proposes to “alter or add to” the property. The HtB(S) shared equity agreement also provides that no “additions or improvements” are to be undertaken or carried out at or to the Property except with the prior written consent of Scottish Ministers.

The view of Scottish Government is that consent will be required in the case of material improvements but not in relation to more minor works. We would regard material improvements as covering matters such as constructing an extension to the house (eg an additional room or conservatory/summer room etc); converting an integral garage or attic space into a room for living in; or generally undertaking work for which planning consent or a building warrant is required.

Conversely, we would regard “minor works” as including non-structural alterations, decoration, replacement of kitchen units or bathroom fittings, or other works for which planning consent or a building warrant are not required.

If a HtB(S) owner applies to the RSL for consent to carry out home improvements, the RSL should have an initial discussion with the homeowner to first identify how significant the proposed improvements are and to determine whether the consent of Scottish Ministers is actually required. If the works are minor in nature, then the consent of Scottish Ministers is not required.

If a homeowner proposes to make material improvements to the property, the RSL should inform them that this is not permitted as the owners are expected to tranche up and buy additional equity prior to undertaking any home improvements. No correspondence templates or application forms for consent should therefore be issued to HtB(S) owners where the homeowner is proposing substantial home improvements, nor should owners be required to pay an administration fee.

If an owner is unhappy at being told that consent will not be given to proposed material improvement works, the RSL may refer the matter to the Scottish Government More Homes Division for further consideration, although for the reasons set out above it is still very unlikely that consent will be given.

If consent is given, the RSL should submit a ‘project change request’ in HARP to note that consent for a proposed alteration has been given, along with the property address. If possible, the HARP Property Reference Number should be provided.



# 14 Death of the Shared Equity Owner(s)

## Death of shared Equity Owner - Spouse surviving/ Partner

The death of a sharing owner will trigger a “payment event” in terms of the applicable shared equity agreement which requires repayment of Scottish Ministers’ equity stake, unless that person has a spouse or civil partner (both referred to in this section as the “Spouse”) and either (1) the Spouse is already a party to the existing shared equity arrangements or (2) the Spouse assumes the obligations of the deceased owner within 6 months of the transfer of the property to them. The surviving Spouse should exhibit a copy of the death certificate to the RSL and records should be updated to avoid any unnecessary correspondence being sent to the deceased’s family or the Spouse.

It should be noted that it is not for Scottish Government or its agents to determine who is entitled to succeed to the deceased property. This will be decided by the laws of succession which apply in Scotland. A link to a guide to Scottish Succession is attached here (<http://www.gov.scot/Publications/2005/12/05115128/51285>) and RSLs should consider passing this to the bereaved family if further information is requested. Generally speaking a certificate of confirmation will be required to be obtained in relation to the deceased’s estate, including the property. This will normally be obtained by solicitors acting in the administration of the deceased’s estate.

If the RSL is contacted by the deceased’s family or the Spouse or a solicitor, an email in terms of Annex 10A should be issued.

Agents should also note that if the surviving Spouse does not assume the obligations of the deceased shared equity owner within six months of the property being transferred to them (by signing a new shared equity agreement) then this will trigger a payment event, in which event the surviving Spouse or the deceased’s estate will require to repay the relevant shared equity amount to Scottish Government.

For the purposes of shared equity agreements, “Spouse” is defined widely to include co-habitants, civil partners and same-sex marriages.

## Death of Shared Equity Owner – No surviving Spouse / Partner

In the event that there is no surviving Spouse then the death of the shared equity owner is deemed to be a “payment event”. In these instances the RSL should issue an email in terms of Annex 10B to the solicitor who will be acting in the administration of the deceased’s estate.

Those solicitors will normally require to obtain a formal valuation of the property for the purposes of obtaining a certificate of confirmation and to appoint executors to the estate. Provided that the valuation report is in terms which can be relied upon by Scottish Ministers, the valuation can be used to calculate the value of Scottish Ministers’ equity stake and the amount to be repaid to Scottish Ministers. The normal procedures can then be followed by Scottish Ministers’ solicitors and the solicitors

acting in the administration of the estate, to arrange for the delivery of a discharge of Scottish Ministers' standard security in exchange for payment of the sums due to Scottish Ministers.

Alternatively, if the executors to the deceased's estate decide to sell the property then the normal procedures should be followed in relation to a sale, to discharge Scottish Ministers' standard security and to arrange repayment of Scottish Ministers' equity stake, with the realised sale price determining the amount payable to Scottish Government.

# Annexes

## Annex 1 – Change of Owner

### Annex 1(A) - Proposed change of Shared Equity owner –Person added – Email / Letter to Owner ( See Guidance – Section 10, Corresponding with Owners)

Dear

(Insert address of property) (the “Property”)

Addition of (insert name) ( the “Additional Owner”)

Thank you for your request to add the Additional Owner to the title for the Property.

In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be (£ *insert*) (inclusive of VAT at 20%.) Payment can be made either by telephoning details of your debit/credit card to us or providing us with a cheque for that amount made payable to ( *insert name of RSL*) This is our administration fee and is not refundable  
(If already paid by debit/card *insert* Thank you for your payment of £###.)

[We have also enclosed a separate declaration form which should be completed and returned by the Additional Owner which declares their interest in any other residential properties. Please note that the Additional Owner must be removed from the title of any other properties before being added to the title of the Property. Confirmation will be requested from your solicitor that this has taken place before the transaction can be finalised.][**Note – this paragraph should only be included in the letter or email where the property was sold under HtB(S) but not if the property was sold under OMSE, NSSE or Homestake. If being included, the declaration form in Annex 1(G) should also be enclosed or attached, for completion by the Additional Owner]**

On receipt of the enclosed form, we will contact Scottish Ministers’ solicitors, Harper Macleod, in order to progress matters with your solicitors and the Primary Lender.

Please ask your solicitor to discuss the matter with the Primary Lender and Harper Macleod as soon as possible and also obtain details of their fees as well as that of the funder and the cost of all searches, registration dues and all other outlays for which you have to pay separately.

In order to avoid abortive costs you are advised to consult with your Solicitor and/or Financial Adviser to check whether your Primary Lender is prepared to consent to your proposal to add the Additional Owner to the title for the Property.

Please contact me if you wish to discuss further.

You can access a copy of the Scottish Government's Shared Equity Scheme Privacy Notice at <https://beta.gov.scot/publications/shared-equity-schemes-privacy-notice/>

This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

Yours sincerely

**Shared Equity Officer**  
(If email, insert details of address and telephone number etc)

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer's interest will have to be taken into account]**

## Annex 1(B) - Form for Additional Shared Equity Owner

Please complete this table and return to [insert name of the RSL]. If emailed, please reply to email address of Sender.

*(insert Name of Owner)*

*(insert Property Address)*

Please complete your solicitor's name, address, contact number and email address:	Name:  Address:   Tel:  Email:
Is the title in your name alone?	
Name of Additional Person who is to be added to the title	
Name of your Lender	
Proposed date of Completion	
If you have not already done so, please provide us with payment of (£ ) (inclusive of VAT at 20%) . You may do this either by contacting us at the telephone number shown in the covering letter/email with credit / debit card details or providing us with a cheque ( <i>with name and address written on the back</i> ) made payable to us.	

I hereby provide authority for <insert name of Administering Agent> to discuss my personal information with the above Representatives.

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**Annex 1(C) - Email from the RSL to Harper Macleod - proposed change of Shared Equity owner –Partner added**

**(Insert name of existing owner) (“Existing Owner”)  
Addition of ( insert name ) ( the “Additional Owner”)  
(Insert address of Property) (the “Property”)**

I enclose completed Proposal form in respect of the above and would be grateful if you could action.

**Either**

I also enclose copy of *Shared Equity Agreement, Standard Security [and Ranking Agreement]*. As you can see the documentation is in the name of the RSL/Scottish Ministers.

**OR**

The documentation was dealt with by you and completed on *[insert date]*.

We have sent a copy of this email to Scottish Government Area office.

I understand that you will contact the solicitors in order to ascertain how the Primary Lender proposes to proceed.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account and the position explained to Harper Macleod]**

**CC Scottish Government Area Office**

## Annex 1(D)

### **Proposed change of Shared Equity owner –Person to be removed – Letter/Email to Owner ( See Guidance – Para 14, Corresponding with Owners)**

Dear

**(Insert name of property) (the “Property”)**

**Removal of ( insert name ) ( the “Departing Owner”)**

Thank you for your request to remove a Shared Equity Owner from the title for the Property.

In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be (£ *insert*) – (inclusive of VAT at 20%). Payment can be made by telephoning debit/credit card details or sending / delivering a cheque (*with name and address written on the back*) made payable to (*insert name of RSL*) . This is our administration fee and is not refundable  
(If already paid by debit/card *insert* Thank you for your payment of £###.)

On receipt of the form we will contact Scottish Ministers’ solicitors, Harper Macleod, in order to progress matters with your solicitors and your Primary Lender.

Please ask your solicitor to discuss the matter with your Primary Lender and Harper Macleod as soon as possible and to also obtain details of their fees as well as that of the funder and the cost of all searches, registration dues and all other outlays for which you have to pay separately.

In order to avoid abortive costs you are advised to consult with your Solicitor and/or Financial Adviser to check whether your Primary Lender is prepared to consent to your proposal to add the Additional Owner to the title for the Property.

Please contact me if you wish to discuss further.

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Yours sincerely



**Shared Equity Officer**

**(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account]**



## **Annex 1(F) - Email from the RSL to Harper Macleod - Shared Equity – proposed change of Shared Equity owner –Person removed**

(Insert name of existing owners) (“Existing Owners”)  
Removal of ( insert name ) ( the “Departing Owner”)  
(Insert address of property) (the “Property”)

I enclose completed Proposal form in respect of the above and would be grateful if you could action.

### **Either**

I also enclose copy of *Shared Equity Agreement, Standard Security [and Ranking Agreement]*. As you can see the documentation is in the name of the RSL/ Scottish Ministers.

### **OR**

The documentation was dealt with by you and completed on *[insert date]*.

We have sent a copy of this email to Scottish Government Area office.

I understand that you will contact the solicitor in order to ascertain how the Primary Lender proposes to proceed.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account and the position explained to Harper Macleod]**

# Annex 1(G) – Additional Owner Declaration Form

(To be enclosed with Annex 1(A) where the Property was sold under HtB(S) but not otherwise)

## Additional Owner Declaration Form

Please complete and return to [            ]. If emailing please reply to [            ]

Please complete the section below that is applicable to you.

<p>I confirm that I am not currently noted on the mortgage or title deeds for any other residential property.</p>	<p>..... Name</p> <p>..... Signature</p> <p>..... Date</p>
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<p>I confirm that I am currently noted on the mortgage or title deed for the property detailed below:</p> <p>Address: .....</p> <p>.....</p> <p>.....</p> <p>Postcode: .....</p> <p>I further confirm that I will be removed from the title of the above property, and will provide confirmation of this, before being added to the title of the property at:</p> <p><b>(Insert Property details)</b></p>	<p>..... Name</p> <p>..... Signature</p> <p>..... Date</p>
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## **Annex 2 – Change of Primary Lender and/or Primary Lending**

### **Annex 2(A) – Email / Letter to Owner on re-mortgage (See Guidance – Section 10, Corresponding with Owners)**

Dear

**Insert name of owners (the “Owner”)**

**Insert name of Existing Lender (“Existing Lender”)**

**Insert name of New Lender (“New Lender”)**

**Insert address of property (the “Property”)**

Thank you for your enquiry in respect of your proposed re-mortgage.

In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be (£ *insert*) – (inclusive of VAT at 20%). Payment can be made by telephoning debit/credit card details or sending / delivering a cheque (*with name and address written on the back*) made payable to (*insert name of RSL*). This is our administration fee and is not refundable  
{If already paid by debit/ card *insert* Thank you for your payment of £####}.

In the form you are asked certain questions about the amount of loan originally taken out to acquire the Property and the amount you wish to borrow from your New Lender including in each case any fees included in the loan. I suggest you request confirmation of the accuracy of this information from your solicitor and/ or financial adviser as any discrepancies could cause delay and even additional expense.

We will accept a copy of the Valuation instructed by your New Lender provided that it is properly extended to us/ Scottish Ministers (i.e. that the surveyor who carried out the survey confirms in writing in satisfactory terms that we/Scottish Ministers can rely on the report). If that cannot be arranged, we are required to arrange a Scheme 1 valuation report and you will be required to pay for this in advance.

On receipt of the form (and your cheque) and, where appropriate, consent from Scottish Ministers, we will contact Scottish Ministers’ solicitors, Harper Macleod, in order to progress matters with your solicitors and your Primary Lender.

Legal fees and costs will depend on how your lenders will require the matter to be documented and you are advised to ask your solicitor to discuss the matter with the lenders and Harper Macleod as soon as possible in order to obtain details of all legal and funding fees as well as the cost of all searches, registration dues and all other outlays for which you have to pay separately.

On receipt of a completed form from you, we will contact Harper Macleod in order to progress matters with your solicitors.

Please contact me if you wish to discuss further.

A copy of the Scottish Government's Shared Equity Scheme Privacy Notice can be viewed at <https://beta.gov.scot/publications/shared-equity-schemes-privacy-notice/>

This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

Yours sincerely

**Shared Equity Officer**  
**(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer's interest will have to be taken into account]**

## Annex 2(B)

### Form for Change of Lender (with or without additional loan)

Please complete this table and return to [insert name of the RSL.] If emailed please reply to email address of Sender.

#### Insert Name of Shared Equity Owner and Property Address

Please complete your solicitor's name, address, contact number and email address:	Name:  Address:  Tel:  Email:
Who is your current lender?	
What was the original mortgage amount at the time of purchase including any fees included in that loan? ( please consult your legal and / or financial adviser if you are unsure)	
Who is your new lender?	Name:
Proposed date of completion	
What is the new mortgage amount going to be including any fees which are to be included in that loan? (please consult your legal and / or financial adviser if you are unsure)	£
If the new loan is more than the original loan what is the purpose of the new loan?	Insert
If you have not already done so, please provide us with payment of	





**Annex 2(C) Shared Equity – Change of Lender- Email from the RSL to Harper Macleod – No Additional Secured Loan (“ASL”)**

**Insert name of owners (the “Owner”)**

**Insert name of Existing Lender (the “Existing Lender”)**

**Insert name of New Lender (the “New Lender”)**

**Insert address of Property (the “Property”)**

I enclose completed Proposal Form for change of Lender demonstrating there is no new lending above the amount originally borrowed from the Primary Lender. In accordance with After Sale Shared Equity Guidance there is accordingly no requirement for a Valuation.

I also enclose copy of *Shared Equity Agreement, Standard Security [and Ranking Agreement]*. You will note that the documentation is in the name of [insert name of the RSL]/ Scottish Ministers.

**OR**

The documentation was dealt with by you and completed on [*insert date*].

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account and the position explained to Harper Macleod]**

Please confirm to us when matters are complete.

**Annex 2(D) - Shared Equity – ASL - Change of Lender - Email from the RSL to Owner’s Solicitor re Valuation.**

***NB Ensure all valuations are either addressed to the RSL (if pre- 6 April 2008) or Scottish Ministers c/o the RSL (if post- 6 April 2008)***

**Insert name of owners (“your clients”)  
Insert name of Existing Lender (“Existing Lender”)  
Insert name of New Lender (“New Lender”)  
Insert address of property (the “Property”)  
Proposed Additional Secured Loan of £[     ]  
Equity Share of [insert] % ( “Equity Share”)**

We enclose copy Application Form by your clients confirming that they wish to (a) remortgage the Property from the Existing Lender to the New Lender and (b) increase the amount by which they will rank ahead of us/ Scottish Ministers..

Please confirm to us by email that this represents your understanding of the position as any discrepancies may cause delay and even additional expense.

We require the consent of the Scottish Government More Homes Division before any such arrangement can be authorised and in order to progress matters will require a copy of the Valuation provided to the Primary Lender together with confirmation addressed to *(us/Scottish Ministers c/o ourselves insert as appropriate, dependent on whether pre- or post- 6 April 2008)* that the Valuation may be relied on by us / Scottish Ministers in terms of the attached letter of reliance, a scanned signed copy of which should be emailed to us with a hard copy to follow by post.

Please note that until such time as we obtain such confirmation in satisfactory terms we will not be in a position to proceed further with your clients’ application.

**Shared Equity Officer  
(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account]**

**Annex 2(E) - Draft Letter of Reliance from Valuer referred to in Annex 2(D) (please email scanned signed copy with hard copy to follow by post)**

To ( insert name of address of RSL ) OR (the Scottish Ministers *c/o insert name and address of the RSL*) dependent on whether Agreement pre- or post- 6 April 2008.

Dear Sirs

**Insert name of owners (“Owners”)**

**Insert name of New Lender (“Primary Lender”)**

**Insert address of property (the “Property”)**

We confirm that the valuation report (the “Valuation”) of the Property, a copy of which is enclosed and signed as relative hereto, may be relied upon by you to the extent of your interest as shared equity provider secured by a standard security in respect of the Property.

In relying upon the Valuation you accept that you are bound by the terms and conditions of the Valuation including without prejudice all qualifications exclusions limitations and others save to the extent that any are inconsistent with your ability to rely on the Valuation.

For the avoidance of doubt, in the event of any amendments to the Valuation being made and intimated to you, the Owner and the Primary Lender and/or your or their agents prior to the entering into of binding commitments between you, the Owner and the Primary Lender in connection with their re-financing of the Property reference to the Valuation shall mean a reference to the Valuation as so amended.

Yours faithfully

## **Annex 2(F) - Shared Equity – New Lender ASL – email from the RSL to Scottish Government More Homes Division**

**Insert name of owners (the “Owner”)**  
**Insert name of New Lender (“New Lender”)**  
**Insert name of Existing Lender (“Existing Lender”)**  
**Insert address of property (the “Property”)**  
**Proposed Additional Secured Loan of (£     )**  
**Equity Share of (insert) % (“Equity Share”)**

We enclose copy completed Application Form from the Owner to (a) refinance the Property from the Existing Lender to the New Lender and (b) increase the amount by which they will rank ahead of us/ Scottish Ministers. We also enclose copy valuation together with copy letter of reliance duly addressed to *[insert whether RSL or Scottish Ministers.]*

I would be grateful if you could confirm whether the proposed Additional Secured Lending is acceptable.

I would be happy to discuss further with you.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account. In particular both Scottish Government and the Developer will require to accept the application]**

### **Reply from Scottish Government More Homes Division to RSL**

[insert details]

We have reviewed the foregoing application and valuation and would confirm that Scottish Ministers propose to accept/reject the foregoing application.

[If rejected please give reasons]

## **Annex 2(G) Shared Equity – Change of Lender - Email from the RSL to Harper Macleod – New lending**

**Insert name of owners (the “Owner”)**

**Insert name of Existing Lender (“Existing Lender”)**

**Insert name of New Lender (“New Lender”)**

**Insert address of property (the “Property”)**

I enclose completed Proposal Form and consent from Scottish Government to the remortgage and additional lending. I would be grateful if you could action.

**Either** I also enclose copy of *Shared Equity Agreement, Standard Security [and Ranking Agreement]*. As you can see the documentation is in the name of [insert name of the RSL]/ Scottish Ministers.

**OR** The documentation was dealt with by you and completed on *[insert date]*.

The Valuation has been extended by Letter of Reliance in approved form.

**OR (if Letter of Reliance cannot be obtained)** A Valuation was instructed by us and is addressed to *[insert RSL or Scottish Ministers as appropriate]*.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account and the position explained to Harper Macleod]**

**Annex 2(H) - Shared equity – Same Lender / Additional Loan -  
Email/Letter to Owner (See Guidance – Section 10, Corresponding  
with Owners)**

Dear

**Insert name of owners (the “Owner”)  
Insert name of Primary Lender ( “Primary Lender”)  
Insert address of property (the “Property”)**

Thank you for your enquiry in respect of the proposed additional lending by your Primary Lender.

In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be (£ *insert*) (inclusive of VAT at 20%.) Payment can be made either by telephoning details of your debit/credit card to us or providing us with a cheque for that amount made payable to (*insert name of RSL*) This is our administration fee and is not refundable  
(*If already paid by debit/card insert Thank you for your payment of £###.*)

In the form you are asked certain questions about the amount of loan originally taken out to acquire the Property; the amount of your proposed new lending including in each case any fees included in the loan; and the amount which will then be due under your mortgage taking into account any capital already repaid. I suggest you request confirmation from your solicitor and/or financial adviser as any discrepancies could cause delay and even additional expense.

Please note that if the new lending is higher than the original lending we will need to obtain a copy valuation from a surveyor and apply for consent from Scottish Ministers. We will accept a copy of the valuation instructed by your New Lender provided that it is properly extended to us/ Scottish Ministers (i.e. that the surveyor who carried out the survey confirms in writing in satisfactory terms that we/Scottish Ministers can rely on the report). Please note that if that cannot be arranged, we are required to arrange a Scheme 1 valuation report and you will be required to pay for this in advance.

On receipt of the form from you together with payment we will contact your solicitors in order to progress matters with the valuation.

Additional lending of this nature may give rise to various costs and you should ask your solicitor for an estimate of all legal and funding fees and outlays for which you have to pay separately. Scottish Ministers’ solicitors Harper Macleod will be happy to discuss their own costs with your solicitors.

Please contact me if you wish to discuss further.

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This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

**Shared Equity Officer**

**(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer's interest will have to be taken into account]**

## Annex 2(I)

### Form for Additional Loan – Same Lender

Please complete this table and return to [insert name of the RSL]. If emailed please reply to email address of Sender.

#### Insert Name of Shared Equity Owner and Property Address

A Please complete your solicitors' name, address, contact number and email address:	Name: Address: Tel: Email:
B Who is your current lender?	
Proposed date of completion	
C What was the original amount at time of purchase y including any fees included in that loan? (please consult your legal and / or financial adviser if you are unsure)	£
D What is the total amount of the additional loan which you propose to take out with your Lender including any fees which are to be included in that loan? (please consult your legal and / or financial adviser if you are unsure)	£
E If your lender grants the additional loan what will be the new mortgage amount due to them under your mortgage taking into account capital already repaid? Please consult your legal and / or financial adviser if you are unsure)	£
What is the purpose of the additional lending?	[ please insert)





**Annex 2(J) - Shared Equity – Existing Lender providing ASL - Email from the RSL to Owner’s Solicitor re Valuation.**

***NB Ensure all valuations are either addressed to RSL ( if pre- 6 April 2008) or Scottish Ministers c/o RSL (if post- 6 April 2008)***

**Insert name of owners (“your clients”)  
Insert name of Existing Lender (“Primary Lender”)  
Insert address of property (the “Property”)  
Proposed Additional Secured Loan of £[ ]  
Equity Share of (insert ) % (“Equity Share”)**

We enclose copy Application Form by your clients confirming they would wish to borrow an additional sum of [£ ] from the Primary Lender and increase the amount by which their mortgage will rank ahead of over sums due to us/ Scottish Ministers from (*insert amount in Box B on the form in Annex 2(I)*) to (*insert amount in Box D on the form in Annex 2(I)*).

Please confirm to us by email that this represents your understanding of the position as any discrepancies may cause delay and even additional expense.

We require the consent of the Scottish Government More Homes Division before any such arrangement can be authorised and in order to progress matters will require a copy of the Valuation provided to the Primary Lender together confirmation addressed to (*us/Scottish Ministers c/o ourselves insert as appropriate dependent on whether pre- or post- 6 April 2008*) that the Valuation may be relied on by us / Scottish Ministers in terms of the attached letter of reliance, a scanned signed copy of which should be emailed to us with hard copy to follow by post.

Please note that until such time as we obtain such confirmation in satisfactory terms we will not be in a position to proceed further with your clients’ application.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account]**

**Annex 2(K) Draft Letter of Reliance from Valuer referred to in Annex 2(J) (please email scanned signed copy with hard copy to follow by post)**

To (insert name of address of RSL) OR (the Scottish Ministers c/o insert name and address of the RSL) dependent on whether Agreement pre- or post- 6 April 2008.

Dear Sirs

**Insert name of owners (the “Owner”)**

**Insert name of Primary Lender ( the “Primary Lender”)**

**Insert address of property (the “Property”)**

**Additional lending by Primary Lender**

We confirm that valuation report (“Valuation”) of the Property a copy which is enclosed and signed as relative hereto may be relied upon by you to the extent of your interest as shared equity provider secured by a standard security in respect of the Property.

In relying upon the Valuation you accept that you are bound by the terms and conditions of the Valuation including without prejudice all qualifications exclusions limitations and others save to the extent that any are inconsistent with the your ability to rely on the Valuation.

For the avoidance of doubt, in the event of any amendments to the Valuation being made and intimated to you, the Owner and the Primary Lender and/or your or their agents prior to the entering into of binding commitments between you, the Owner and the Primary Lender in connection with the additional lending reference to the Valuation shall mean a reference to the Valuation as so amended.

Yours faithfully

## **Annex 2(L) - Shared Equity – Existing Lender ASL – email from the RSL to Scottish Government More Homes Division**

**Insert name of owners ( the “Owner”)**

**Insert name of Existing Lender ( “Primary Lender”)**

**Insert address of property (the “Property”)**

**Proposed Additional Secured Loan of £[ ]**

**Equity Share of (insert ) % ( “Equity Share”)**

I enclose copy of Application Form in respect of the additional secured loan of [£ ] from the Primary Lender to the Owner which if agreed will increase their priority from £ (*insert from Box C in Application Form in Annex 2(I)*) to £(*insert from Box E in Application Form in Annex 2(I)*) We also enclose copy valuation together with letter of reliance duly addressed to [*insert whether RSL or Scottish Ministers.*]

I would be grateful if you could confirm whether the proposed Additional Secured Lending is acceptable.

I would be happy to discuss further with you.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account. In particular both Scottish Government and the Developer will require to accept the application]**

### **Reply from Scottish Government More Homes Division to RSL**

[insert details]

We have reviewed the foregoing application and valuation and would confirm that Scottish Ministers propose to accept/reject the foregoing application.

[If rejected please give reasons].

## **Annex 2(M) Shared Equity – Same Lender/Additional Loan Email from the RSL to Harper Macleod**

**Insert name of owners (the “Owner”)**

**Insert name of Primary Lender ( “Primary Lender”)**

**Insert address of property (the “Property”)**

I enclose completed Proposal Form and consent from Scottish Government and would be grateful if you could action.

### **Either**

I also enclose copy of *Shared Equity Agreement, Standard Security [and Ranking Agreement]*. As you can see the documentation is in the name of RSL/Scottish Ministers.

The Valuation has been extended by letter of reliance in approved form

I understand that you will check with the Owner’s solicitor whether the Primary Lender wishes to deal with by way of standard letter rather than Ranking Agreement.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account and the position explained to Harper Macleod]**

## **Annex 2(N) email to Lender or their solicitors regarding Deed of Postponement**

**Insert name of owners (the “Owner”)**

**Insert name of Primary Lender ( “Primary Lender”)**

**Insert address of property (the “Property”)**

I refer to your letter / email of ( ) requesting that Scottish Ministers / the RSL sign Letter / Deed of Postponement.

Please note that

(a) the Owner will require to apply for any increase in the Primary Lender’s priority over and above that which was originally agreed at the time of purchase of the Property when the shared equity funding was provided and the matter will require the agreement of Scottish Government.

(b) if approval is given the documentation will be based upon the form of Ranking Agreement provided for in the applicable Scottish Government Guidance relating to the relevant shared equity scheme, the terms of which have been approved by the Council of Mortgage Lenders. It will not be in any other form .

Should you wish to discuss further please contact Scottish Government’s solicitors Harper Macleod

## **Annex 3 – Increase in Equity Share**

### **Annex 3(A) – Letter/email to be sent to Shared Equity Owner within 3 months and on every fifth anniversary of completion of the purchase**

Dear

**Insert address of property (the “Property”)**

I am writing to you about the Property which you bought [number of years] ago with help from the Scottish Government’s [Homestake Scheme/Open Market Shared Equity Scheme / New Supply Shared Equity Scheme/Help to Buy (Scotland) Scheme - Delete as appropriate]. <insert name of RSL> administers the scheme on behalf of Scottish Ministers.

You currently have a stake of [enter percentage] in the Property.

#### **Increasing the size of your equity stake**

In accordance with the current rules of the scheme, you can increase your equity stake in the Property by a minimum of 5 per cent at any time.

#### **ALT 1 No Golden Share**

You may increase your equity stake by more than 5 per cent and you may purchase up to 100 per cent. If you do increase your equity stake, you should be aware that you will be responsible for the payment of all valuation and other legal costs and expenses.

#### **ALT 2 Golden Share – NSSE**

You may increase your equity stake by more than 5 per cent and you may purchase up to 80 per cent in total. If you do increase your equity stake, you should be aware that you will be responsible for the payment of all valuation and other legal costs and expenses.

#### **ALT 3 Golden Share – OMSE**

You may increase your equity stake by more than 5 per cent and now you may purchase up to 90 per cent in total. If you do increase your equity stake, you should be aware that you will be responsible for the payment of all valuation and other legal costs and expenses.

**Before making any decision on the matter we strongly recommend that you take independent financial and legal advice and discuss the terms of this letter as well as all costs and implications of increasing your equity stake with your advisers before making any decision.**

If, following such advice you decide that you want to increase your equity stake then you – or your advisers must contact us [registered social landlord to insert contact name and address] to inform us that this is what you want to do by completing the enclosed form, whereupon we will instruct a valuation of the Property (which you will be required to pay for) and we will write to you with details of the valuation within seven days of receiving it. We will also provide you with information on our administrative costs.

You will have a period of three months to increase your equity stake from the date that we provide you with a copy valuation of the Property.

**Please note that nothing in this letter affects your existing legal rights in relation to the shared equity arrangements affecting the Property.**

Should you or your advisers wish to discuss further please do not hesitate to contact ( insert ) at any time.

A copy of the Scottish Government's Shared Equity Scheme Privacy Notice can be viewed at <https://beta.gov.scot/publications/shared-equity-schemes-privacy-notice/>

This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

**Shared Equity Officer**  
**(If email insert details of address and telephone number etc)**



## **Annex 3(B) – increase of Equity Stake to less than 100% - No Golden Share - Email / Letter to Owner ( See Guidance – Section 10, Corresponding with Owners)**

Dear

**Insert address of property (the “Property”)  
Proposed increase in equity stake**

Thank you for your enquiry about increasing your equity stake which is currently *(insert from records)*.

In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be (£ *insert*) (inclusive of VAT at 20%.) Payment can be made either by telephoning details of your debit/credit card to us or providing us with a cheque for that amount made payable to (*insert name of RSL*) This is our administration fee and is not refundable  
*(If already paid by debit/card insert Thank you for your payment of £###.)*

In order to progress this matter we will require a Valuation. In terms of the Agreement this could either be from the District Valuer or such other Valuer as we may agree.

*[We have an arrangement with [insert nominated valuation firm] who will charge (£ ) plus VAT. Please discuss with your advisors and confirm how you wish to proceed.]*

***Insert if Golden Share***

***As you are aware there are Golden Share arrangements in respect of the Property which means that the maximum equity stake that you can purchase will be restricted and you should again discuss with your Solicitor and/or Financial Adviser.***

Please note that we will not instruct a survey to be carried out of the Property unless we are paid in advance. If you decide to proceed, you will also be required to pay legal and registration fees and we advise you to discuss what these are likely to be with your legal adviser.

In order to enable the valuation to be carried out, the valuer will need access to the Property. Please provide us with daytime contact numbers to forward on to the surveyor for him/her to be able to contact you.

We will provide you with a copy of the Valuation in due course.

**Please contact your solicitor and financial adviser and discuss the terms of this letter as well as all costs and implications of increasing your equity stake with them before making any decision.**

If we can be of any further help, please do not hesitate to contact me.

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Yours sincerely

**Shared Equity Officer**  
**(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account. Any increased equity stake will have to reduce the Developer’s and Scottish Government’s equity stakes in equal amounts.]**

## **Annex 3(C) - Proposed increase in equity share**

### **Email to District Valuer/Agreed Valuer**

**Insert name of owners ( the “Owner”)**

**Insert address of property (the “Property”)**

**Proposed increase in Equity Share**

The Owner has expressed an interest in increasing their equity share in the Property and as a result we will require a valuation of the Property in terms of the Shared Equity Agreement.

A copy of that Agreement is enclosed and we would draw your attention to the factors which a Valuer needs to take into account when valuing the Property, as well as the more general duty to have regard to such other matters as you consider appropriate.

*[Insert if applicable.]* [Please note that the Property is subject to a Golden Share.]

Please note that the Valuation is being instructed by ourselves / ourselves on behalf of Scottish Ministers and the Owner and you should accordingly address to both.

We look forward to receiving your Valuation as soon as possible. Please note that the target timescale for us to share the results of the valuation with the Owner is [X] weeks from today’s date, which we trust will be achievable, but if you anticipate any difficulties in being able to provide the required valuation within that timescale, please call us to discuss..

**Shared Equity Officer**

**(If email insert details of address and telephone number etc)**

## **Annex 3(D) – Letter/Email to owner following receipt of Valuation asking if they wish to proceed further (See Guidance – Section 10, Corresponding with Owners)**

Dear

Insert address of property (the “Property”)

### **Proposed increase in Equity Share**

We have now received the Valuation Report from [insert selected valuers] / District Valuer (copy attached) ( or other) indicating a current market value of £( ) for the Property.

This means that if you wish to increase your equity share from [insert] to [insert] you will require to pay the sum of [£insert].

**Please discuss this with your legal and financial advisers in order to enable you to decide if you wish to proceed further.**

You should ask your solicitor for details of their fees as well as all outlays including all registration costs. If you are proposing to fund through a refinancing you should also request details of all costs and outlays arising from it.

If you decide to proceed, I would be grateful if you could please complete the enclosed form. (NB Form 3E) You must complete this transaction within 3 months of the date of the valuation.

### ***Insert for increase to less than 100%***

We shall also contact Scottish Ministers’ solicitors, Harper Macleod, to arrange for the relevant documentation to be put in place in order to record the arrangement.

### ***Insert for increase to 100%***

We shall also contact Scottish Ministers’ solicitors, Harper Macleod, to arrange for the Discharge of the Security in favour of [RSL/Scottish Ministers].

Meanwhile, if you or your advisers would wish any further information please do not hesitate to contact me.

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explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

Yours sincerely

**Shared Equity Officer**

**(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account. Any increased equity stake will have to reduce the Developer’s and Scottish Government’s equity stakes in equal amounts.]**

## Annex 3(E)

### Form for Proposed Increase in Shared Equity Amount

Please complete this table and return to [insert name of the RSL.] If emailed please Reply to email address of Sender.

#### Insert Name of Shared Equity Owner and Property Address

Please complete your solicitor's name, address, contact number and email address:	Name:  Address:  Tel:  Email:
Current percentage amount of your Equity Share	
Percentage amount to which you wish to increase your Equity Share (see covering letter dated [        ])	
If you have not already done so, please provide us with payment of (£     ) (inclusive of VAT at 20%). You may do this either by contacting us at the telephone number shown in the covering letter/email with credit / debit card details or providing us with a cheque ( <i>with name and address written on the back</i> ) made payable to us.	

I/We hereby provide authority for <insert name of Administering Agent> to discuss my/our personal information with the above Representatives.

.....  
First Name

.....  
Second Name

.....  
Date

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## **Annex 3(F) - Shared Equity – Increase in Equity Share following Valuation - Email from the RSL to Harper Macleod**

**Insert name of owners (the “Owner”)  
Insert name of property (the “Property”)**

I enclose completed Proposal Form following Valuation and should be grateful if you could action. The Valuation was dated ( ) and addressed to Scottish Ministers / RSL.

### ***Either***

I also enclose copy of *Shared Equity Agreement, Standard Security [and Ranking Agreement]*. As you can see the documentation is in the name of the RSL/Scottish Ministers.

### ***OR***

The documentation was dealt with by you and completed on [*insert date*].

### ***Increase Under 100%***

Please draft relevant documentation and advise when completed.

### ***Increase to 100%***

Please provide a Discharge of the Standard Security and advise when completed.

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account and the position explained to Harper Macleod – any adjustment to the retained equity stake of Scottish Ministers, or to the ranking of the various securities, will require to be mirrored in relation to the Developer’s equity stake and ranking]**



## **Annex 3(G) - Equity Stake Increase Form**

### **Notes on completion**

**PLEASE READ THESE NOTES BEFORE COMPLETING THIS FORM. IF IN DOUBT, PLEASE CONSULT YOUR GRANT PROVIDER.**

You should submit a completed form each time an owner has increased their equity stake in a property.

Forms must be submitted to the grant provider within one week of the equity stake increase having taken place. **This allows the grant provider to raise a request for the receipt of sums due to the Scottish Ministers.**

You should not enclose any remittances with the form, as the information contained therein will be used by the grant provider to raise a request for the sum that is repayable.

**Annex 3H Help to Buy (Scotland)/Help to Buy (Scotland) Affordable Home Ownership/New Supply/Open Market Shared Equity scheme – equity stake increase form**

Please complete this form each time an owner has increased their equity stake in a property.

<b>Part A General information</b>	
1. Registered social landlord or subsidiary (“registered social landlord”):	3. Name and address of RSL’s solicitors:  Not required.
2. Address of property:	4. Date of settlement of further equity stake acquired:

(Note: Complete **either** Part B (i) or Part B (ii) below. Part B (i) should be completed if the owner has increased their equity stake in the property for the first time. Part B (ii) should be completed if the owner has increased their equity stake in the property for a second time.)

<b>Part B (i) Financial reconciliation (first equity stake increase)</b>	
Current open market value of the property (please enclose a copy of the professional valuer’s report)	£ (A)
Original % equity stake taken by the owner (please enclose appropriate supporting documentation showing the original % equity stake taken)	% (B)
Owner’s actual equity stake (current open market value (A) x % (B))	£
Additional % equity stake now being taken by the owner (please enclose appropriate supporting documentation showing the additional % equity stake being taken)	% (C)
Owner’s receipt to the Scottish Ministers: (current open market value (A) x % (C))	£

<b>Part B (ii) Financial reconciliation (second or subsequent equity stake increase)</b>	
Current open market value of the property (please enclose a copy of the professional valuer’s report)	£ (A)
Current % equity stake taken by the owner (please enclose appropriate supporting documentation showing the original equity stake taken plus any additional equity stakes already taken)	% (B)
Owner’s actual equity stake (current open market value (A) x % (B))	£

Additional % equity stake now being taken by the owner (please enclose appropriate supporting documentation showing the additional % equity stake being taken)	% (C)
Owner's receipt to the Scottish Ministers: (current open market value (A) x % (C))	£

<b>Part C Declaration</b>	
I declare that the above information, together with any supporting information, is true and complete.	
Signature (Officer of registered social landlord authorised by Management Committee or other governing body)	Date

For grant provider's use:	Checked by: Approved by:	Date Date
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### Annex 3(I) Financial Reconciliation – Equity Stake Increases

This example shows what would happen if an owner decides to increase the equity stake in their property from 65 per cent to 85 per cent and then from 85 per cent to 91 per cent and then from 91 per cent to 100 per cent. There is no golden share in place.

	£
Open market valuation (1 year after the owner has taken entry of the property)	130,000
Owner's equity stake (65 per cent of £130,000)	84,500
The Scottish Ministers' equity stake (35 per cent of £130,000)	45,500
Owner then increases their equity stake to 85 per cent:	
Owner's new equity stake (85 per cent of £130,000)	110,500
Owner's receipt to the Scottish Ministers (£110,500 - £84,500)	26,000
The Scottish Ministers' equity stake decreases to 15 per cent:	
The Scottish Ministers' new equity stake (15 per cent of £130,000)	19,500
Administering Agent pays the receipt to the Scottish Ministers:	26,000
Open market valuation (3 years after the initial purchase)	140,000
Owner's equity stake (85 per cent of £140,000)	119,000
The Scottish Ministers' equity stake (15 per cent of £140,000)	21,000
Owner then increases their equity stake to 91 per cent:	
Owner's new equity stake (91 per cent of £140,000)	127,400
Owner's receipt to the Scottish Ministers (£140,000 - £127,400)	12,600
The Scottish Ministers' equity stake decreases to 9 per cent:	
The Scottish Ministers' new equity stake (9 per cent of £140,000)	12,600
Administering Agent pays the receipt to the Scottish Ministers:	12,600
Open market valuation (4 years after the initial purchase)	142,000
Owner's equity stake (91 per cent of £142,000)	129,220
The Scottish Ministers' equity stake (9 per cent of £142,000)	12,780

## Annex 4 – Shared Equity – Proposed Sale

### Annex 4(A) – Letter/Email to customer who is proposing to sell (See Guidance – Section 10, Corresponding with Owners)

Dear

Insert name of owner (the “Owner”)  
Property at ( ) (the “Property”)  
Shared Equity Sale

Thank you for your recent enquiry about selling the Property.

*In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be (£ insert) – (inclusive of VAT at 20%). Payment can be made by telephoning debit/credit card details or sending / delivering a cheque ( with name and address written on the back ) made payable to ( insert name of RSL ) . This is our administration fee and is not refundable (If already paid by debit/card insert Thank you for your payment of £###.)*

I would be grateful if you could complete the enclosed disclosure mandate and Form and return to us. Please ask your solicitor to explain its terms and, if you require, assist with its completion.

Once received we will correspond separately with your solicitors in connection with the Home Report which will be required for the Property and to ensure that the Property is sold for the best price that can be reasonably obtained.

Provided that we are satisfied that the provisions in the Shared Equity Agreement have been met we/Scottish Ministers shall be due **##.##%** of the sale price for the Property. When considering a proposed sale price we would expect the valuation of your property to have been prepared within the last six months.

In order to complete the sale the standard security which was granted over the Property in favour of us/Scottish Ministers will require to be discharged and closer to the time we will contact Scottish Ministers’ solicitors, Harper Macleod, in order to progress this matter with your solicitors.

**You should ask your solicitors for details of their fees as well as all other fees and the cost of all searches, registration dues and all other outlays. You should be aware that you have to pay these separately – these fees and outlays should not be deducted from the balance of the sale proceeds which are due to be repaid to us/Scottish Ministers.**

Meanwhile, if have any queries with regard to our requirements please do not hesitate me.

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explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

Yours sincerely

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s equity stake will have to be repaid as well as Scottish Government’s equity stake.]**

## Annex 4(B)

### Form for Proposed Sale

Please complete this table and return to [insert name of the RSL]. If emailed please Reply to email address of Sender.

#### Insert Name of Shared Equity Owner and Property Address

[insert name of the RSL]/ Scottish Ministers' equity share	To be inserted by the RSL
Please complete your solicitor's name, address, contact number and email address:	Name:  Address:   Tel:  Email:
Please complete your estate agent's name, address, contact number and email address:	Name:  Address:   Tel:  Email:
If you have not already done so, please provide us with payment of (£ ) (inclusive of VAT at 20%) . You may do this either by contacting us at the telephone number shown in the covering letter/email with credit / debit card details or providing us with a cheque ( <i>with name and address written on the back</i> ) made payable to us.	

I/We hereby provide authority for <insert name of Administering Agent> to discuss my/our personal information with the above Representatives.

.....  
First Name

.....  
Second Name

.....  
Date

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**Annex 4(C) - Disclosure Mandate**

To: *Insert details of solicitor, estate agent and Valuer*

*(insert details of property) (the "Property")*

I/We (insert name(s)) currently residing at the Property authorise you to disclose to [insert name and address of RSL] all correspondence and information which you have in connection with my/our proposed sale of the Property, including without prejudice all matters relative to the marketing and valuation of the Property, Sale Particulars, other advertising details, offers to purchase and any other particulars required by [insert name of the RSL] in relation to the Property.

I/We understand that I/we shall be liable for any costs incurred by you in connection with this mandate.

Signed: \_\_\_\_\_

Print Name \_\_\_\_\_

Date: \_\_\_\_\_

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Please return to [insert name, address and contact details of RSL]. **Alternatively** please scan and email back to RSL at: [insert email address] marked for the attention of [insert].

## **Annex 4(D) - Proposed Sale – Email by RSL to Purchaser’s solicitor regarding method of sale**

Dear

**Insert name(s) of the owners (the “Owner”)**  
**Insert address of property (the “Property”)**

I refer to the sale of the Property.

I enclose draft mandate addressed to you [ and insert name of estate agent] together with copy of the Shared Equity Agreement which sets out the basis on which the Property will be sold in order to ensure that it is for the best price that can be reasonably obtained. We will require full information on the sale in terms of the enclosed draft mandate including:

- Copies of correspondence from you [and the estate agent] in connection with the sale.
- A copy of the Home Report together with Letter of Reliance from the Valuer addressed to us/ Scottish Ministers in terms annexed. As you will note a copy of the Shared Equity Agreement will require to be sent to the Valuer. The valuation contained within your home report should be dated within the past 6 months and if it is dated earlier than that a refresh valuation will require to be carried out.
- Details of all offers made and confirmation of which one the Owner proposes to accept in order to enable the RSL and Scottish Government to be satisfied that the terms of the Shared Equity Agreement have been met.

As you will see from the Shared Equity Agreement [insert name of the RSL]/ Scottish Ministers has a percentage equity stake in the Property of ##%. and arrangements will require to be put in place with Scottish Ministers’ solicitors, Harper Macleod, in order to ensure that the amount due to the RSL/Scottish Ministers [*together with fees*] is paid in exchange for the discharge. Please note that your legal fees and outlays associated with the sale of the Property are to be met by the Owner and should not be deducted from the balance of the proceeds due to be returned to the RSL/Scottish Ministers.

Please advise your client as to the terms of the Mandate before signing and let me know if you require any further information.

Yours sincerely

**Shared Equity Officer**  
**(If email insert details of address and telephone number etc)**

**[Note to RSL – if this is a property which was purchased under NSSE with Developers, the Developer’s interest will have to be taken into account]**

**Annex 4(E) - Proposed Sale – Form of Letter of Reliance by Valuer  
(Please email sign scanned copy followed by hard copy by post)**

To (insert name of address of RSL) OR (Scottish Ministers c/o insert name and address of the RSL) dependent on whether Agreement is pre- or post- 6 April 2008.

Dear Sirs

**Shared Equity Owner: (insert) (“the Owner”)  
Proposed sale of property at: (insert) (the “Property”)  
Home Report Reference No: (insert) together with Mortgage Valuation Report  
 (“Home and Valuation Report”)**

We confirm that:-

(a) the Home and Valuation Report in respect of the Property may be relied upon by you to the extent of your interest as shared equity provider in terms of the Shared Equity Agreement a copy of which has been forwarded to us.

(b) the valuation of the Property as set out in the Home and Valuation Report would not be affected by the factors which require to be taken into account in valuing the Property in terms of the Shared Equity Agreement between you and the Owner a copy of which has been forwarded to us.

In relying upon the Home and Valuation Report you accept that you are bound by its terms and conditions including without prejudice all qualifications exclusions limitations and others save to the extent that any are inconsistent with the your ability to rely on it.

For the avoidance of doubt, in the event of any amendments to the Home and Valuation Report being made and intimated to you prior to completion of the sale of the Property, reference to the Home and Valuation Report shall mean a reference to the Home and Valuation Report as so amended.

Yours faithfully

## **Annex 4(F) - Sale Below Valuation Form – Email from RSL to relevant Scottish Government More Homes Division**

**This email is to be used only when the proposed sale price is below the valuation by greater than a 5% margin (i.e. If a property is valued at around £100,000 and a shared equity owner wished to sell for £92,000, this would be an 8% margin and therefore a copy of this email would need to be submitted to the Scottish Government More Homes Division for approval)**

**Insert Name(s) of owners (the “Owner”)  
Property Address: (the “Property”)**

We confirm that the Property has been valued at £< >.

The Valuer has confirmed that the valuation is not affected by any of the factors that require to be taken into account in the Shared Equity Agreement.

We confirm that the Owner has received an offer of £< > to buy the Property which is the highest offer received.

The Property has been marketed for *[insert period of time that the Property has been marketed for]*.

*The Property has been marketed in the following manner (e.g. on solicitors/estate agents website/newspaper advertisements etc.)*

Comparable recent sales for similar properties in the area are as follows:- *[insert details]*.

The Owner *[has/has not]* received a previous offer to buy the Property *[for [insert the amount previously offered to buy the house if applicable]]*.

Please confirm if Scottish Ministers are prepared to allow the sale of the Property to proceed

For RSL

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer’s interest will have to be taken into account. In particular both Scottish Government and the Developer will require to accept the application]**

Reply to RSL from Scottish Government More Homes Division

I confirm following review and discussion that Scottish Government is / is not satisfied that this matter may proceed. *[and suggest that you take the following course of action - to be inserted]*

## Annex 4(G) - Sale and discharge of security

### Email from the RSL to Harper Macleod

Insert name(s) of owners: (the "Owner")

Property Address: (the "Property")

Sale price: £[ ]

[insert the name of the RSL]/Scottish Ministers' Equity share: [ ]%

The Property is to be sold by the Owner in accordance with the After Sale Shared Equity Procedures. The price payable is £[ ] and our/ Scottish Ministers' equity share will be £[ ] The proposed date of entry is [ insert].

The details of the Owner's solicitors are:- [ ].

I would be grateful if you could liaise with the Owner's solicitors in connection with the Discharge.

I enclose copy shared equity agreement and standard security in respect of the Grant / The documentation was dealt with by you and completed on *[insert date]*.

I confirm that we have received Home Report with Letter of Reliance from the Valuer dated [ ] and valuing the Property at [ ].

[The purchase price is below the valuation by greater than a 5% margin and we have received Letter of consent from Scottish Government More Homes Division in terms of the After Sale Shared Equity Procedures.]

**[Note to RSL – if this is a property which was purchased under the NSSE with Developers Scheme, the Developer's interest will have to be taken into account and the position explained to Harper Macleod]**

## **Annex 4(H) - Open Market Sale Form**

### **Notes on completion**

**PLEASE READ THESE NOTES BEFORE COMPLETING THE FORM. IF IN DOUBT, PLEASE CONSULT YOUR GRANT PROVIDER.**

You should submit a completed form each time a property is sold outright on the open market.

Forms must be submitted to your grant provider within one week of the date of settlement. **This allows the grant provider to raise a request for the receipt of sums due to the Scottish Ministers.**

You should not enclose any remittances with the form, as the information contained therein will be used by the grant provider to raise a request for the sum that is repayable.

**New Supply / Open market / Help to Buy(Scotland)/Help to Buy (Scotland) Affordable Home Ownership Shared Equity scheme – Open Market Sale Form**

Please complete this form each time a property is sold outright on the open market.

<b>Part A General information</b>	
1. Registered social landlord or subsidiary (“registered social landlord”):	3. Name and address of RSL’s solicitors: [ Don’t need ]
2. Address of property:	4. Date of settlement:

<b>Part B Financial reconciliation</b>	
Sales price obtained (please enclose a copy of the professional valuer’s report on which the sales price is based)	£ (A)
Actual % equity stake taken by the Scottish Ministers (please enclose appropriate supporting documentation showing the actual % equity stake taken by the Scottish Ministers)	% (B)
The Scottish Ministers’ actual equity stake (sales price obtained (A) x % (B))	£ (C)
Capital receipt to the Scottish Ministers (C)	£

<b>Part C Declaration</b>	
I declare that the above information, together with any supporting information, is true and complete.	
Signature (Officer of registered social landlord authorised by Management Committee or other governing body)	Date

For grant provider’s use:	Checked by: Approved by:	Date Date
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## **Annex 5 – Email to clients after let period under previous arrangements**

Dear Title Surname

**Title First Name Surname (“the Owners”)**

**Full Address (“the Property”)**

The period of your consent from the Scottish Ministers to let the Property has now expired. You no longer have consent from Scottish Ministers to let the property, and if you do this puts you in breach of your shared equity agreement. Please contact us to make clear your intentions for the property.

Your options are set out below, including information regarding how to progress each alternative:

- You are intending to move back into the Property and will provide evidence to that fact at the time by way of a Council Tax invoice; or
- You are intending to sell the property. We will provide you with an information letter explaining the process for marketing and selling your Property; or
- You are intending to increase your equity stake in the Property to discharge the Scottish Government’s security. We will provide you with an information letter explaining the process for increasing your equity;

I look forward to hearing from you as a matter of urgency. Please contact me if you have any queries.

A copy of the Scottish Government’s Shared Equity Scheme Privacy Notice can be viewed at <https://beta.gov.scot/publications/shared-equity-schemes-privacy-notice/>

This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.



## **Annex 6 – Expiry of 19 years/Application of 20 year security rule**

Please see section 9 of the procedures for an explanation of the position in relation to the potential application of the "20 year security rule", following the coming into effect of the Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2018 on 15 February 2019.

Standard securities granted in relation to some shared equity schemes will still be subject to the 20 year rule, in which case affected shared equity owners may have to grant a new standard security in year 19 of their shared equity arrangements, in order to avoid triggering a payment event.

No particular template is being specified for use when making contact with and dealing with affected shared equity owners.

## **Annex 7 - Enforcement of Primary Lender security / Appointment of Trustee**

### **Annex 7(A) - Letter to Owner on receiving copy of calling up notice from Lender and/or notification that the Lender is considering re-possession**

Insert Addressee/ Date

Dear

#### **Issue of Calling up Notice by [*Insert name of Lender*] (“your Lender”) *Insert Address***

[*Insert name of Lender / Lender’s agent*] have contacted us to inform us that they have served a calling-up notice upon you [*on behalf of insert name of Lender if served by solicitors on behalf of Lenders*] as a result of your failure to maintain payments due on the mortgage account secured on your home.] **OR**

[We have been informed that you may be in financial difficulties and may be struggling to maintain the mortgage payments on your home and that your lender, [*Insert name of Lender*] is considering taking action to re-possess the property.]

Please note that we act for the Scottish Ministers in this matter and not for you and cannot provide you with advice. We would however draw your attention to the fact that the notice strongly recommends that you take advice from a solicitor, Citizens Advice Bureau, other advice agency or an approved lay representative

Whilst it will be for you and your adviser to decide how best to proceed, you may wish to note that if you are in danger of having your home repossessed as a result of financial difficulties, the Scottish Government may be able to help you. The Scottish Government operates the Home Owners' Support Fund, to help owners who are experiencing difficulty in paying any loans that are secured against their property.

Under this scheme the Scottish Government may, in certain circumstances, be able to arrange for a social landlord such as a housing association or local authority to buy your home and for you to continue to live there as a tenant.

If you wish to consider this option you or your adviser should contact your local Citizens Advice Bureau, Money Advice Scotland outlet or Local Authority Money Advice Centre as soon as possible to determine whether or not you could apply to the Home Owners Support Fund.

Yours sincerely

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**Annex 7 (B) - Email to Lender / Lender's agent on receiving copy of Calling up Notice and/or notification that the Lender is considering re-possession**

**The Scottish Ministers**

**( *Insert name of Owner*)( the "Owner")**

**[ *insert name of Lender* ]( the "Lender")**

***Insert Address* (the "Property")**

I refer to your letter of ( *Date* ) informing us/ Scottish Ministers that [you have been instructed to serve a Calling up Notice on the Owner in respect of the Property]/[the Lender is considering taking action to call-up its security over the Property] which has been funded by one of the Scottish Government's shared equity schemes.

We have today written to the Owner to inform them that when discussing the matter with their adviser they may wish to consider whether assistance should be sought under the Scottish Government's Home Owners Support Fund which includes the Mortgage to Rent Scheme. We are also referring the matter to Scottish Government who may wish to discuss with the Lender direct. Do you have the name and email / telecom details of the person who is dealing with this for the Lender?

Please note that under the Ranking Agreement entered into between Scottish Ministers the Owner and the Lender, which is in the form approved with CML, the Lender may be under a duty to consult with Scottish Ministers with a view to agreeing on the terms of any sale. The Ranking Agreement will also provide that both the Lender and Scottish Ministers are permitted to disclose to each other information on the Owner and their affairs and that Scottish Ministers would wish to be kept fully apprised of the position.

Please contact Scottish Government's solicitors Harper Macleod if you wish to discuss further.

Yours sincerely

## **Proposed letters/ emails to Trustee -**

### **Annex 7(C) - Email to Trustee on notification of Appointment**

To Trustee,

**Inset Name of Owner (the "Owner")**

**Insert Address of Property (the "Property")**

We understand that you have been appointed as Trustee for the Owner.

As you may have seen from title search over the Property Scottish Ministers [alternatively insert name of RSL] have a Standard Security over the Property in relation to obligations by the Owner in respect of shared equity arrangements under one of the Scottish Government's shared equity schemes.

Please note that the nature of the shared equity arrangements makes it difficult to supply you with a redemption figure. The figure for redemption is based on the actual sale value expressed as a percentage of the equity stake. We would ask you to consider this when assessing any value on realisation of the property.

Scottish Ministers / We trust that suitable arrangements can be made to ensure that the Owner will remain within the Property. However, should the position change and you intend to take action to sell the property, I would be grateful if you could please inform us as soon as possible.

Finally, please note it is not our/ Scottish Ministers' intention at this stage to exercise any rights which they may have over the Property as security holder as a result of your appointment.

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This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

Yours sincerely

## **Annex 7(D) - Email to Trustee in respect of possible action being taken in respect of the Property**

Dear

**Insert Name of Owner (the "Owner")**

**Insert Address of Property (the "Property")**

We understand that you are currently deciding whether you should sell the Property over which Scottish Ministers/ We have a Standard Security over the Property in relation to obligations by the Owner in respect of shared equity arrangements under one of the Scottish Government's shared equity schemes.

Whilst it will be for you and your advisors to decide how best to proceed you may wish to note that Scottish Government may be able to assist. Scottish Government operates the Homes Owners Support Fund to help Owners who are experiencing difficulty in paying any loans that are secured against the Property.

Under this scheme, Scottish Government may, in certain circumstances, be able to arrange for a social landlord such as a Housing Association or local authority to buy the property and for the Owner to continue to live there as a tenant.

If you wish to consider that option you or your advisors may wish to contact Money Advice Scotland or your local authority money advice centre as soon as possible to determine whether or not the Owner could apply to the Home Owner Support Fund.

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## **Annex 8 – Subsequent Securities**

### **Letter/Email to owner who has requested consent to the creation of a subsequent standard security (See Guidance – Section 10, Corresponding with Owners)**

Dear

**[Address of property] (the “Property”)**

**Request for consent to grant a subsequent standard security**

Thank you for your recent enquiry, when you confirmed that you wished to grant a subsequent standard security over your title to the Property in order to secure a loan from an additional lender.

Please note that it is the policy of Scottish Ministers not to give consent in these circumstances, and your request is therefore refused. This will therefore mean that, if you do grant any subsequent standard security without consent, that will trigger a "Payment Event" for the purposes of the shared equity agreement between Scottish Ministers and you, which would then require you to repay to Scottish Ministers the value of their equity loan to you.

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**Shared Equity Officer**

**(If email insert details of address and telephone number etc)**

## **Annex 9 - Application for consent to Home Improvements – NSSE and OMSE (but not HtB(S))**

### **Annex 9(A) - Letter/Email to OMSE or NSSE owner who is proposing to carry out home improvements (See Guidance – Section 10, Corresponding with Owners and Section 13, Alterations to the Property)**

**Note to RSL – this procedure is not to be used in the case of HtB(S) properties – see Section 13 of Guidance for details**

Dear

**[Address of property] (the “Property”)  
[Details of Primary Lender] (the “Primary Lender”)  
Proposal to undertake home improvements to the Property**

Thank you for your enquiry seeking the consent of Scottish Ministers to you carrying out home improvements to the Property.

You should be aware that, as a condition of the second ranking standard security which you have granted over the title to the Property in favour of Scottish Ministers, the prior written consent of Scottish Ministers is required if you wish to alter or add to your home. It is also very likely that the consent of the Primary Lender will be required. You should also appreciate that, if you do undertake home improvements while Scottish Ministers hold an equity share in the Property, any increase in the value of the Property which is attributable to the home improvements will be taken into account if the Property is to be sold or in the event of a payment event occurring.

In order to proceed, I would be grateful if you could please complete the form overleaf and return to us. Please note that in order for us to deal with your request we will require to receive payment in advance of our reasonable administrative costs which in this case will be £[insert] (inclusive of VAT at 20%). Payment can be made either by telephoning details of your debit/credit card to us or providing us with a cheque for that amount made payable to ( *insert name of RSL*) This is our administration fee and is not refundable  
(If already paid by debit/card insert Thank you for your payment of £###.)

Once we have received your form and payment we will seek approval from Scottish Government’s Regional Team and will advise you of their decision.

Please note that in the event of approval being received it will be subject to your solicitor confirming to us that (a) the proposed works have been approved by the Primary Lender, (b) where the works require planning permission and/or a building warrant and/or any other statutory consents or licences, you have obtained these and you will apply for and obtain a completion certificate for the works forthwith upon completion and (c) you will provide us with copies of all such permissions, warrants, certificates and licences forthwith upon request.

A copy of the Scottish Government's Shared Equity Scheme Privacy Notice can be viewed at <https://beta.gov.scot/publications/shared-equity-schemes-privacy-notice/>

This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

**Shared Equity Officer**

**(If email insert details of address and telephone number etc)**



**Annex 9(B) - Application for consent to Home Improvements – NSSE and OMSE**

Please complete this table and return to [insert name of the RSL.] If emailed please reply to email address of sender.

Insert name of Shared Equity Owner and Property Address

<p>Please complete your solicitor's name, address, contact number and email address:</p>	<p>Name: Address:  Tel:  Email:</p>
<p>Who is your current lender?</p>	
<p>Please specify the home improvements which you wish to carry out to the Property and the approximate cost of the proposed works.</p>	
<p>If you have not already done so, please provide us with payment of (£ ) (inclusive of VAT at 20%) . You may do this either by contacting us at the telephone number shown in the covering letter/email with credit / debit card details or providing us with a cheque (<i>with name and address written on the back</i> ) made payable to us.</p>	

I/We hereby provide authority for <insert name of Administering Agent> to discuss my/our personal information with the above Representatives.

.....  
First Name

.....  
Second Name

.....  
Date

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This privacy notice illustrates how your personal information will be used by the Scottish Government in relation to the operation of its shared equity schemes and explains your rights under the General Data Protection Regulation (EU) 2016/679 and how to exercise these rights.

## **Annex 9(C) - Application for consent to undertake Home Improvements – email from the RSL to Scottish Government More Homes Division**

**Insert name of owner(s) (the “Owner”)**  
**Insert address of property (the “Property”)**

I enclose copy of Application Form in respect of a proposal by the Owner to undertake home improvements to the Property.

I confirm that the Owner purchased the Property under the OMSE/NSSE scheme.

## **Reply from Scottish Government More Homes Division to RSL**

**Insert name of owners (the “Owner”)**  
**Insert name of property (the “Property”)**

We have reviewed the foregoing application and would confirm that Scottish Ministers propose to accept/reject the foregoing application.

[If rejected please give reasons].

[If accepted the following should be inserted:

This approval is subject to confirmation in writing being received from the Owner’s solicitor that (a) the proposed works have been approved by the Primary Lender, (b) where the works require planning permission and/or a building warrant and/or any other statutory consents or licences, the Owner has obtained these and will apply for and obtain a completion certificate for the works forthwith upon completion and (c) will provide you with copies of all such permissions, warrants, certificates and licences forthwith upon request.

**Annex 9(D) – Email from RSL to Owner’s Solicitor re request for consent to undertake Home Improvements.**

**Insert name of owner(s) (“your clients”)  
Insert name of property (the “Property”)  
Proposal to undertake Home Improvements**

I enclose copy of duly completed Application Form by your clients.

**Either**

I confirm that Scottish Government has not approved your clients’ request to carry out home improvements to the Property for the following reason(s): [insert details]

**OR**

I confirm that Scottish Government has approved your clients’ request to carry out home improvements to the Property subject to satisfactory confirmation from you that (a) the proposed works have been approved by the primary lender, (b) where the works require planning permission and/or a building warrant and/or any other statutory consents or licences, your clients have obtained these and that they will apply for and obtain a completion certificate for the works forthwith upon completion and (c) your clients will provide us with copies of all such permissions, warrants, certificates and licences forthwith upon request.

I enclose draft letter to this effect and would be grateful if you would complete the same and provide me with both a hard and scanned copy when you are in a position to do so.

**Please note that until we receive this letter from you your clients are not permitted to carry out the proposed works to the Property.**

**Yours,**

**Shared Equity Officer  
(If email insert details of address and telephone number etc)**

## **Annex 9(E)**

### **Letter from Owner's solicitor to The Scottish Ministers / RSL c/o The Scottish Ministers re home improvements – Please email scanned signed copy with hard copy to follow**

To (insert name of address of RSL ) OR (the Scottish Ministers c/o insert name and address of the RSL) *dependent on whether Agreement pre- or post- 6 April 2008.*

Dear Sirs

**Insert name of owners (“our clients”)**

**Insert address of property (the “Property”)**

**Insert name of Primary Lender (the “Primary Lender”)**

**Proposal to carry out home improvements to the Property**

We refer to your letter of (*insert*) in connection with our clients' proposed home improvements to the Property (the “Works”) and confirm:-

(a) the Works have been approved by the Primary Lender in terms of their lending and security documentation;

(b) where the Works require planning permission and/or a building warrant and/or any other statutory consents or licences, our clients have obtained these and that they will apply for and obtain a completion certificate for the Works forthwith upon completion; and

(c) our clients will provide you with copies of all such permissions, warrants, certificates and licences forthwith upon request.

Yours faithfully

**NB Please send scanned and hard copy**

## Annex 10(A)

### **Letter from Agent to Executors/Deceased Owner's representative Please email scanned signed copy with hard copy to follow**

To (insert name of address of Executor or person who has contacted the RSL to advise of the death of Owner ) OR (the name and address of the Executor's solicitors)

Dear Sirs

**Insert name of deceased owner  
Insert address of property (the "Property")**

We refer to your letter of (*insert*) in connection with the death of [insert name of the shared equity owner]. Please accept our condolences on the recent bereavement.

In terms of the Shared Equity Agreement which applies to the Property (the "Agreement") and the applicable Scottish Government after-sale procedures

[Pick the most appropriate of the following options :-]

[the surviving shared equity owner will continue to be subject to the obligations contained within the Agreement and, other than sending us a copy of the extract death certificate for our records, there is nothing further that you require to do.]  
OR

[the surviving spouse is able to continue with the current shared equity arrangements which apply to the Property, provided they assume the obligations contained in the Agreement by signing a new Agreement within 6 months of the date on which the transfer of title to the Property to the surviving spouse takes place. If the surviving spouse does not take on the shared equity obligations by signing a new Agreement within this timescale, then the death will trigger a "payment event" (as defined in the Agreement) which means that Scottish Ministers' equity stake in the Property becomes due and payable, and Harper Macleod LLP acting on behalf of Scottish Ministers will deal with any redemption and discharges involved.]

[the death of a sole shared equity owner acts triggers a "payment event" (as defined in the Agreement) which means that Scottish Ministers' equity stake in the Property becomes due and payable. Harper Macleod LLP, acting for the Scottish Ministers, shall therefore liaise with you / your solicitors in relation to repayment of the shared equity loan and the discharge of the standard security over the title to the Property which secures the shared equity loan.

If you require guidance on what to do following the death of [name of shared equity owner] we would refer you to

<http://www.gov.scot/Publications/2005/12/05115128/51285>

Yours faithfully

Shared Equity Officer

(If email, insert details of address and telephone number etc)

**Annex 10(B) - Letter from The Scottish Ministers / RSL to Executors or solicitors acting in the Executry where no surviving spouse**

Dear

(Insert address of property) (the "Property")  
(Insert Name of deceased Owner)

We refer to the above and to the death of (Insert name of deceased owner). Please accept our condolences on the recent bereavement.

The death of a sole shared equity owner triggers a "payment event" in terms of the Shared Equity Agreement which means that Scottish Ministers' equity stake in the Property becomes due and payable. Harper Macleod LLP, acting for the Scottish Ministers, shall therefore liaise with you / your solicitors in relation to repayment of the shared equity loan and the discharge of the standard security over the title to the Property which secures the shared equity loan.

If you require guidance on what to do following the death of [name of shared equity owner] we would refer you to

<http://www.gov.scot/Publications/2005/12/05115128/51285>

Please contact me if you wish to discuss further.

Yours sincerely

Shared Equity Officer  
(If email, insert details of address and telephone number etc)



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