

NSSE with Developers Aftersales Guidance

Properties purchased with assistance from the New Supply Shared Equity with Developers (NSSED) scheme have either a 10 or 19 year shared equity agreement in place, with the equity in the property being split among the home owner, developer and Scottish Government.

NSSE with Developers terms included a maximum 20% equity stake from Scottish Government and a maximum 20% equity stake from a private developer (20/20/60).

Where a 10 year agreement was entered into, at the end of the 10 year period the owner is obliged to purchase the equity stakes of the developer and to Scottish Government. The first of these agreements reached that point in April 2021. Therefore, the Scottish Government requires to establish owners' intentions as they reach the end of their agreement term, including whether they are in a position to purchase the remaining equity stakes held by the Scottish Government and the developer.

We ask that administering agents/RSLs use the template letter provided in **Annex A** to write to owners to begin this process. Letters should be prioritised to those owners with agreements which will reach the 10 year point soonest.

The flow chart provided at **Annex B** should be followed at the point an owner makes contact with a view on how they wish to proceed. The flowchart is designed to be used in conjunction with the main ASSEP procedures.

There are two main options available to owners who wish to remain in their properties:

- To purchase the Scottish Government and Developer equity stakes
- To enter into either (a) a new shared equity agreement with the Scottish Government or (b) a minute of variation with the Scottish Government and also with the developer (if the developer wishes to continue to participate in the NSSED scheme), in each case in order to replace or to vary the existing shared equity agreements so that they are no longer time limited.

It is important to notify the relevant mortgage lender if the owner wishes to enter into a new agreement as the lender must be in agreement to enter into a new ranking agreement, since NSSED ranking agreements contain certain provisions which will not be relevant if the time limit is removed from the shared equity agreement(s).

A more detailed explanation of the steps contained within the flowchart can be found at **Annex C**.

Timescales

RSLs are asked to notify the Scottish Government within 10 working days of an owner's decision of how they would like to proceed.

In instances where an owner wishes to buy out the remaining equity stake the normal timescales within the more general ASSEP procedures apply.

Agreement Letters

Template agreement letters have been provided to cover both the situation where Scottish Ministers alone are entering into a new shared equity agreement (**Annex D**) or when both the developer and Scottish Ministers are agreeing to vary the existing shared equity agreements (**Annex E**)

Information for Developers

Annex F contains suggested text to be used when contacting Developers as it provides the proposed handling of fees so this is addressed at the outset.

Annex A

Dear Shared Equity Home Owner

I am writing regarding your home which was purchased [on xx date] with the assistance of the New Supply Shared Equity with Developers Scheme (NSSED). [add agent details] act as an administering agent for this scheme on behalf of the Scottish Government.

You should be aware that NSSE with Developers was a 10 year shared equity scheme and within this period of time you were expected to have:

- increased your equity stake up to 100 per cent; or
- sold your home; or
- made alternative financial arrangements to enable you to buy 100 per cent equity in the property.

Your legal documentation for NSSE with Developers contains a 'Hardship Clause' which can allow a shared equity owner an extension to their 10 year agreement if they have not been able to make arrangements to pay back the shared equity contribution provided by the Scottish Government and the developer they purchased the property from within the 10 year period. Any decision to extend the period of time to allow a shared equity owner to repay the amount owed is at the discretion of the Scottish Government and the developer you purchased the property from.

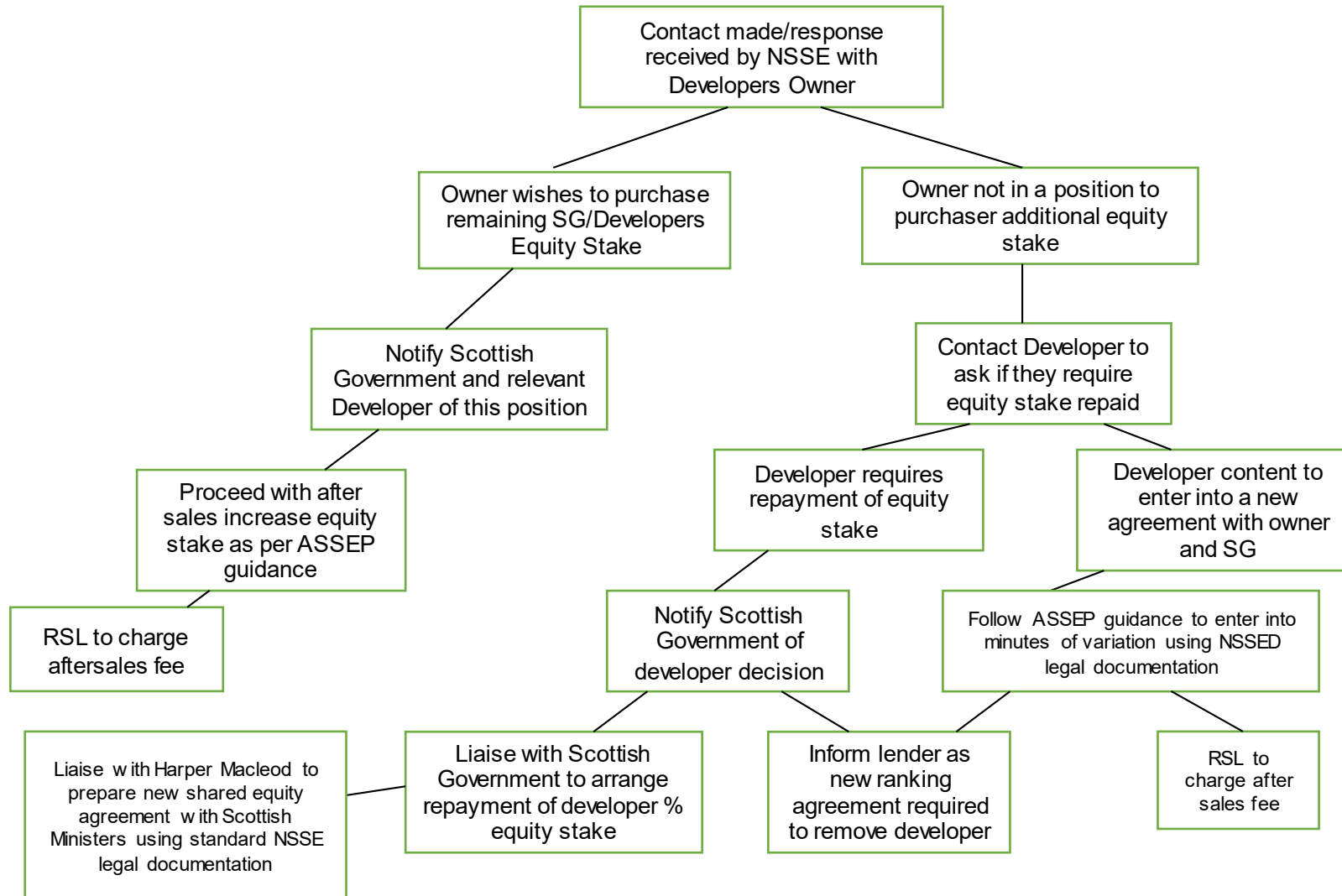
As your 10 year agreement will be reaching its end point on [xxx] we would encourage you to refer to your shared equity agreement and give consideration to whether you would like to purchase the equity stakes currently held by the developer and Scottish Government. You can contact us at [add administering agent details] to make arrangements and we will talk you through the process.

If this is not an option you should contact us as soon as possible at [add administering agent details] to discuss whether it may be possible to extend your current agreement.

You should ensure that your Solicitor advises you on the terms of all documentation and that you are satisfied with those terms before agreeing to enter into any legal agreements.

If you have any questions please contact us and we will be happy to discuss. A copy of this letter has also been sent to the developer you purchased your home from [add name].

Annex B



Annex C

NSSSED New Shared Equity Agreement Process – Guidance for Agents

Entering Minutes of Variation with the Scottish Ministers and the Developer

- Owner makes contact to advise their current Shared Equity Agreement is due to expire and that they are not in a financial position to increase their stake to 100%.
- Initial response to owner to advise that we will require a letter from the Developer on their headed paper confirming they consent to enter into a Minute of Variation with the owner to vary their Shared Equity Agreement to remove the 10 year time limit (a separate Minute of Variation in the same terms will also require to be entered into between the owner and Scottish Ministers)
- Email to the Scottish Ministers confirming they are happy to enter into a new Agreement with the owner and the Developers
- Issue letter 1 to owner asking them to complete and sign page 3 and 4 of the mandate form
- Upon return of the proposal form and the letter from the Developer, issue the PRN link to the client to make payment of the £x administration fee
- Once payment received, instruct case to Harper Macleod and copy in the Scottish Ministers upon instruction

Entering a new Agreement with the Scottish Ministers only and Scottish Ministers buying out Developer's stake

- Owner contacts to advise their current Shared Equity Agreement is due to expire and that they are not in a financial position to increase their stake to 100%.
- Initial response to owner to advise that we will require a letter from the Developer on their headed paper confirming they consent to sell their stake in the property to the Scottish Ministers
- Email to the Scottish Ministers confirming they are happy to enter into a new Agreement with the owner and to purchase the Developer's stake
- Issue letter 1 to owner asking them to complete and sign page 3 and 4 of the mandate form
- Upon return of the proposal form and the letter from the Developer, issue the PRN link to the owner to make payment of the £x administration fee
- Upon receipt of fee payment and valuation, email the Scottish Ministers advising value of property and cost of Developer's stake and request their written consent to proceed

- Once consent received, instruct case to Harper Macleod and copy in the Scottish Ministers upon instruction

Annex D

Our Ref: NSSED – New Shared Equity Agreement – Letter 1 – SG Buy Out Developer

Day Month Year

Title & Full Name

Address line 1

Address line 2

TOWN

POSTCODE

Dear **Title & Surname**

Insert name of Owners ("the Owner")

Insert name of Property ("the Property")

New Shared Equity Agreement

Thank you for your enquiry in respect of entering into a new Shared Equity Agreement with the Scottish Ministers. The Scottish Ministers have agreed to purchase the Developer's stake in the Property.

Please note the new Shared Equity Agreement will not have an expiration date. Scottish Government's equity stake in the Property will become repayable when a "payment event" occurs, which is normally when the Property is sold or if you decide to increase your stake.

We can confirm that our records show the Developer's stake in the Property as X% and the Scottish Ministers' stake in the Property as X%. The Owner's current stake is X%.

In order to proceed, I would be grateful if you could please complete the form overleaf and return it to us. We will also require a letter from the Developer/Developer's Solicitor on their headed paper confirming they consent to sell their stake in the property to the Scottish Ministers.

Please be advised that in order for us to deal with your request we will require to receive payment of our administrative costs, which in this case will be £x inclusive of VAT at 20%.

Upon return of your signed proposal form, you will be issued with a unique Personal Reference Number (PRN) and a link to our online payment system. Payment can be made using a credit or debit card and the only card we do not accept is American Express.

Please note this fee is non-refundable.

In order to progress this matter, we will require a Valuation. In terms of your current Shared Equity Agreement this could either be from the District Valuer or any other Valuer as we may agree. It must be a Scheme 1 valuation carried out by a RICS

Qualified Surveyor. The report must be signed, dated and shared with ourselves and must be able to be relied upon by the Scottish Government.

If you decide to proceed you must complete this transaction within 3 months of the date of the valuation.

Please contact your Solicitor and Financial Advisor and discuss the terms of this letter as well as all costs and implications of this proposal with them before making any decision.

On receipt of the form, the valuation (and your payment), and evidence of the consent of the Developer, we will contact Scottish Ministers' solicitors, Harper Macleod, in order to progress matters with your solicitors. Please note you are also liable for the Scottish Ministers' Solicitors fees, which can be confirmed by your Solicitor directly with Harper Macleod.

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

The Sender

Annex E

Our Ref: NSEED – New Shared Equity Agreement with SG & Developer – Letter 1

Day Month Year

Title & Full Name

Address line 1

Address line 2

TOWN

POSTCODE

Dear **Title & Surname**

Insert name of Owners ("the Owner")

Insert name of Property ("the Property")

Insert name of Developer ("the Developer")

New Shared Equity Agreement

Thank you for your enquiry in respect of entering into Minutes of Variation with the Scottish Ministers and <insert name of Developer>.

Please note that the purpose of the minutes of variation is to vary your existing Shared Equity Agreements with Scottish Ministers and the Developer in order that the agreements no longer contain an expiration date. Once the agreements are varied, the Scottish Ministers' and the Developer's equity stakes in the Property will become repayable when a "payment event" occurs, which is normally when the Property is sold or if you decide to increase your stake.

We can confirm that our records show the Developer's stake in the property as X% and the Scottish Ministers' stake in the property as X%. The Owner's stake is X%.

In order to proceed, I would be grateful if you could please complete the form overleaf and return it to us. We will also require a letter from the Developer/Developer's Solicitor on their headed paper confirming they consent to enter into a Minute of Variation with you.

Please be advised that in order for us to deal with your request we will require to receive payment of our administrative costs, which in this case will be £xx inclusive of VAT at 20%.

Upon return of your signed proposal form, you will be issued with a unique Personal Reference Number (PRN) and a link to our online payment system. Payment can be made using a credit or debit card and the only card we do not accept is American Express.

Please note this fee is non-refundable.

On receipt of the form (and your payment), and where appropriate, consent from the Developer, we will contact Scottish Ministers' solicitors, Harper Macleod, in order to progress matters with your solicitors. Please note you are also liable for the Scottish Ministers' Solicitors fees, which can be confirmed by your Solicitor directly with Harper Macleod.

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

The Sender

Annex F

Template of Text for Initial Contact with Developer

Dear Developer

I am contacting you as the appointed administering agent to process transactions on behalf of the Scottish Government for the New Supply Shared Equity with Developers Scheme (NSSED). As you may be aware the ten year agreement relating to (insert property address) has or is soon due to come to an end **on [date]**. It would be appreciated if you were able to advise if you are content to extend the existing share equity arrangements among the owner (insert owners name), Scottish Ministers and your company. Due to a change in legislation and in order to harmonise the NSSED scheme with the other Scottish Government shared equity schemes, the extended arrangements cannot be time limited and would therefore run indefinitely until a payment event is triggered.

If you are not in a position to agree to an extension of the existing shared equity arrangements on this basis, it may be possible for the Scottish Ministers to buy out your equity share. Please contact me if you wish Scottish Ministers to consider this option.

I would also like to draw your attention, at this early point, to the table below which offers a proposed breakdown of fees which will required to be split between the interested parties to complete the process of varying the legal documentation.

	SG	Developer	Owner
Agent admin fee	x		
SG legal fees	x		
Owner legal fees			x
Developer legal fees		x	
Outlays	1/2	1/2	
Lender fee			x

I look forward to hearing from you and please do let me know if you have any questions.