

## MORE HOMES DIVISION GUIDANCE NOTE



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**To:** All Local Authorities  
All Registered Social Landlords

**Subject:** Changes to administrative procedures for Open Market Shared Equity (OMSE) and New Supply Shared Equity (NSSE) schemes (ref. MHDGN 2017/06).

**Issued by:** More Homes Division

**Ref no:** MHDGN 2017/06

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This guidance note tells you about changes to the following documents

- Open Market Shared Equity (OMSE) Scheme Administrative Procedures
- New Supply Shared Equity (NSSE) Scheme Administrative Procedures.

The changes will apply with **immediate effect**.

### **OMSE Administrative Procedures**

The following changes have been made to the OMSE Administrative Procedures:-

Paragraph 1.1 – change of administering agent from 1 October.

Paragraph 1.5 – adds people aged 60 and over as a priority group.

Paragraph 1.11 – makes clear valuations are still required for people aged 60 and over applying without a mortgage.

Paragraph 1.17 – adds that sharing possession is not allowed without SG permission and explains that owners are expected to live in the property as their only place of residence. Also, explains that permission to let will normally only be given for a period of 6 months and potentially a further 6 months.

Paragraph 2.7 – makes clear that flexibility on apartment size can be offered to single parents with dependent children.

Paragraph 2.9 – New text about children of same sexes sharing a bedroom. Makes clear this is not normally permitted after age 10.

Paragraph 2.20-23 – explains the new process to be followed for making payment claims in HARP.

Paragraph 9.2-9.3 – adds the requirement to provide geo-mapping data for OMSE purchases on a monthly basis.

Paragraph 11.1 – change of area team addresses.

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Standing Instructions

Introduction – adds that those aged 60 and over can apply without the need to take out a mortgage. Solicitors will be expected to confirm and certify the amount or anticipated amount of free proceeds from sales of existing property. For applicants not taking a mortgage aged 60+ they security in favour Scottish Ministers with be first ranking.

Paragraph 9 – Adds that for purchasers aged 60 or over not taking out a mortgage, a valuation report suitable for mortgage purposes is still required and must exhibited to Harper Macleod.

Paragraph 50 – Adds that, where the client is aged 60 or over and intends to apply the proceeds of sale of an existing property towards the purchase price for the new property, the solicitor will be required to confirm the amount of the free proceeds from the sale of that property.

Appendix 1 – Certificate of Title – Significant amendment for buyers aged 60 and over to confirm the sale price achieved/expected to be achieved for existing property.

Appendix 2 – date of 20 year rule secondary legislation amended from 2016 to 2018.

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Annexe B – Application form – Part 3 - new question 6 to ask if the applicant is aged 60 or over and applying without a mortgage.

Annexe B – Application form – Part 7 – new question 9 about what sale price applicants aged 60 or over have achieved or expect to achieve for their previous property.

Application form - note for applicants – (part 2 – enclosures) - Confirms that applicants are required to provide one Decision in Principle and one Key Facts Illustration unless they are aged 60 or over and wish to purchase without a mortgage.

Application form – note of applicants (Part 5 – current accommodation) – adds advice that for those aged 60 and over applying without a mortgage they should provide information to confirm that they meet at least one of three criteria demonstrating a housing need.

Application form – note to applicants (Part 6 – people with particular housing needs) - adds for those aged 60 and over applying without a mortgage they should provide information to confirm that they meet at least one of three criteria demonstrating a housing need.

Application form – note to applicants (Part 7 – income assessment) - adds that savings includes free proceeds from the sale of a current property when the person applying is aged 60 or over and

applying without a mortgage.

Annexe C – paragraph 2 – adds that, applicants aged 60 or over do not require to take out a mortgage.

Annexe C – paragraph 3 - income assessment – adds that savings (in the case of those aged 60 and over) includes the contribution from the sale of an existing property.

Annexe C - paragraph 8 – Confirms that the rule of thumb and the Decision in Principle do not form part of the assessment criteria for applicants aged 60 or over who wish to purchase without a mortgage.

Annexe C – paragraph 14 – sentence added to explain that the flexibility regarding the level of savings applicants will be allowed to keep applies particularly to applicants aged 60 and over.

Annexe C- paragraph 25 – confirm eligibility rules for applicants aged 60 and over applying without a mortgage, including arrangement for joint applicant when one in aged below 60.

Annexe D – Passport Letter - new text on “Use of Property” which makes clear that letting and sharing possession requires permission from the SG. And that the purpose of OMSE is not to assist people to purchase buy to let or second properties.

### **NSSE Administrative Procedures**

The following changes have been made to the NSSE Administrative Procedures:-

Paragraph 1.4 - adds people aged 60 and over to list of priority access groups.

Paragraph 1.5 – new reference to regeneration areas in relation to offering flexibility on the minimum buyer equity stake.

Paragraph 1.6 – new text to explain that flexibility on the minimum buyer equity stake can be offered for those applicants aged 60 or over with a housing need.

Paragraph 1.14 – explains new time limits for permission to let - they will normally be limited to a period of 6 months and potentially for a further 6 month extension period. Clarifies that as permission to let and share possession (in the case of renting out a room) is required for shared equity properties.

Paragraph 1.16 - addition of ‘share possession’ as permission to let and share possession (in the case of renting out a room) is required for shared equity properties.

Paragraph 2.5 – new text on delivering better places to add requirement for ducting to facilitate access to internet and broadband and ensure projects are designed with reference to the Scottish Government’s design and placemaking policies.

Paragraph 2.6 – new sections added on Strategic Local Programme Agreements and Programme Agreements.

Paragraph 2.7 – adds persons aged 60 or over to list of priority groups for NSSE.

Paragraph 2.12 – new line added to make clear that NSSE can be used to meet the needs of older buyers.

Paragraph 2.23 – Income assessment text box – new text added in relation to handling of income assessment for applicants aged 60 and over applying without a mortgage.

Paragraph 2.26 – new text added to explain that rule of thumb does not apply to those applicants aged 60 and over applying without a mortgage.

Para 2.27 – new line to explain that credit searches will not apply to applicants aged 60 and over applying without a mortgage.

Paragraphs 3.1-3.3 – new text on making applications for grant funding with particular reference to use of HARP.

Paragraph 3.4 – adds text on grant subsidy benchmarks in the context of NSSE.

Paragraph 3.8 – new text on Housing Tender Returns.

Paragraph 3.9 – new text on private and other finance.

Paragraph 3.10 – new text on grant offers in the context of HARP. Also explains what actions should be taken upon receipt of the grant offer.

Paragraph 3.12-3.13 – addition of new text on the handling of grant payments for both TMDF and non-TMDF authorities.

Para 3.14 – new text on handling of cost over runs and the requirements for grant recipients.

Paragraph 3.15 – 3.21 – new section on post-completion procedures.

Annexe C - Case study 5 – added as an example of purchasers aged over 60 purchasing without a mortgage.

Annex E – Standard style of grant offer - deleted as grant offer now available in HARP. The following Annexes have been re-numbered.

You will find a copy of this [guidance on the Scottish Government website](#).