

## **Homestake/Low Cost Initiative for First Time Buyers (LIFT) Scheme Shared Equity – Post-Sale Information for Buyers - Frequently Asked Questions**

Following the purchase of your home with assistance from one of the LIFT shared equity schemes you should direct any post sale queries to the administering agent who administered your original application to the scheme. If you purchased a new build home under the New Supply Shared Equity Scheme, please contact the relevant housing association or local authority.

If you purchased a home on the open market under the Open Market Shared Equity Scheme, contact details of the administering agent are provided below in Annex A.

You will be required to pay a reasonable administrative cost to the administrative agent carrying out post-sale work on your behalf. The administrative agent will tell you what the cost will be before any work is started.

### **Repayment of Scottish Government Equity Share**

#### **Q1 When do I have to repay the Scottish Government's equity share?**

A The shared equity agreement that you entered into with Scottish Ministers sets out what repayment conditions are. You are required to repay the equity stake to Scottish Ministers upon the occurrence of certain events (which are set out in your shared equity agreement), the most common one being when you sell your home.

### **'Tranching up' to increase the equity share in your home**

#### **Q2 I want to increase the increased share in my shared equity home. Is this possible?**

A Yes, this is often called 'tranching-up' and the following will apply:-

- You can tranche up any time after the date that you move in to your home;
- When you tranche up you must buy a minimum of 5% of the market value of your home.
- You can tranche up regardless of whether the open market value of your home has increased or decreased.

You will be contacted every five years to encourage you to 'tranche-up'.

You should be aware that you will be responsible for meeting all costs (including those incurred by the administering agent and Scottish Ministers) when you tranche up. You will be informed what these costs are at an early stage by the administering agent.

## What responsibilities do I have to Maintain My Shared Equity Property

**Q3 Will the Scottish Ministers assist with any maintenance costs of my shared equity property?**

**A** No. **All maintenance costs must be met by you, the shared equity owner.** Scottish Ministers have no legal title to your shared equity property. Scottish Ministers' interest is in the form of a Standard Security. You are also required to ensure that you have obtained adequate insurance for the property.

**Q4 If I purchased my property within a larger building or development with factoring charges do I have to cover these costs?**

**A** As a shared equity owner, all factoring charges are your responsibility and should be taken into account **before you go ahead with the purchase** of the property. If you are unsure what your factor's costs are, please contact your factor immediately.

**Q5 What do I do if I have purchased a new build shared property and I am having issues with the construction of the property such as defects or snagging?**

**A** If the property you have purchased is a new build home which was sold to you by a housing association, it is recommended that you contact them in the first instance to raise any concerns about the quality of the property you have purchased. It is possible that you might be able to ensure that the builder attends to any defects or snagging in the property, particularly in the weeks and months immediately after the house was completed, although this would have to be checked with your solicitor. New build properties are also normally covered for any structural issues by a warranty or insurance scheme through bodies such as NHBC or Premier Guarantee and you may be able to make a claim under those arrangements if they apply to your house to have problems rectified. You should note that only you as owner of the property can make a claim under these warranty or insurance arrangements.

**Q6 As a shared equity owner, I have a problem with my factor. Can Scottish Ministers resolve the problem for me?**

**A** No. A shared equity owner is no different than any other owner of a property where factoring charges are applicable. If you have a problem with a factor, you need to raise any concerns in the first instance with the factor. You may also wish to obtain advice from Citizens Advice and you can find further information at <http://www.gov.scot/Topics/Built-Environment/Housing/privateowners/propertyfactors>

## I Want to Sell my Property

**Q7 Do I have to wait a certain period of time before I can sell my shared equity property?**

**A** You may market your property for sale on the open market at any time.

**Q8 If I want to sell my shared equity property what action should I take?**

**A** In the first instance, please contact the administrative agent/housing association. Your property must be advertised on the open market. A copy of the Home Report and Sales Schedule for your property must be sent to your administering agent as soon as it is available and before any offer can be accepted by you.

**Q9 Can I sell my equity stake on the open market?**

**A** No, as you hold the whole title to the property, you must market the property as a whole for sale on the open market unless it has a 'Golden Share' provision attached. You will have been advised before buying the property if the Golden Share arrangement applies, but if you are unsure whether it does, you should ask the administering agent/housing association.

**Q10 If I receive an offer for my property how will I know if I can accept?**

**A** Once you have received an offer to purchase your property you should forward this on to your administering agent so that they may instruct the Scottish Ministers' solicitors. This should be done before any offer is accepted, to ensure it complies with the terms of the scheme. If you were to receive an offer which is less than 95% of the home report valuation, your administrative agent will need to seek approval from Scottish Ministers before the sale can proceed.

**Q11 If I sell my property on the open market how much am I due to repay to the Scottish Ministers?**

**A** Shared equity owners are due to repay the current percentage share of the final selling price held by Scottish Ministers, whether the value of the property has increased or decreased. For example, if Scottish Ministers initially paid a 30% share of the property, the repayment will be 30% of the selling price. If the shared equity owner has increased their share to 80%, the repayment to Scottish Ministers would be 20% of the selling price.

Example 1:

Initial Property Purchase Price	£120,000
Initial SG equity stake of 30%	£36,000
Sale price on Open Market	£126,000
Payment to SG for % share	£37,800

Example 2:

Initial Property Purchase Price	£120,000
Initial SG equity stake of 30%	£36,000
Sale price on Open Market	£114,000
Payment to SG for % share	£34,200

## **I Want to Rent Out My Property**

### **Q12 Can I rent out my property I purchased through shared equity?**

**A.** Your home should be your sole residence and permission to let your home will not be given in any circumstances. If you let your home or do not reside there as your sole residence then this will be a breach of the shared equity agreement and enforcement action could be taken.

## **I want to make Changes to the Title of My Property – To Add or Remove Partners**

### **Q16 I purchased my property with my partner and we have now split up and I want to remove myself from the shared equity documentation. Can I do this?**

**A** Yes. You should contact your administering agent to inform them of the requested changes to be made to the title deeds and they will correspond directly with both your solicitor and Scottish Ministers' solicitors regarding drawing up either a Deed of Variation or a fresh Ranking Agreement (depending on the requirements of your lender) for your property. In order for Scottish Ministers to agree to the removal of a name from the shared equity documentation, your primary lender would need to agree in the first instance.

### **Q17 I purchased my property when I was single and I am living with my partner and I wish to add them to the shared equity documentation. Can I do this?**

**A** Yes. However, you should contact your administering agent to inform them of the proposed changes to be made to the title deeds and they will correspond directly with both your solicitor and the Scottish Ministers' solicitors regarding drawing up either a Deed of Variation or a fresh Ranking Agreement (depending on your Lender's requirements) for your property. In order for Scottish Ministers to agree to a name being added to the shared equity documentation, your primary mortgage lender would need to have already agreed.

### **Q18 Can I have someone removed from the title of the property if they no longer live in the property?**

**A** In this situation you should contact your lender in the first instance to discuss any options you may have and you may also wish to discuss the position with your solicitor.

### **Q19 Are there any fees I am due to pay to add/remove somebody from documentation?**

**A** The administrative agent will charge you an appropriate administrative fee for arranging new documentation. You will also have to pay the costs of Scottish Ministers' solicitors for preparing any new documentation as well as any registration costs for registering any new documents relating to your property. Your lender may also charge a fee and you should check with them directly as to how much this may be. You will be responsible for your own solicitor's costs and outlays including any

Land Register registration costs. Please check with your solicitor what these costs are likely to be.

**Q20 My partner is a non-UK National. Can they be added to my shared equity documentation?**

**A** Yes. Non-UK Nationals are eligible to own a share in a shared equity property so long as they do not own a home (or a share in a home) elsewhere in the world and as long as your primary lender has confirmed that they can be added to the title to the property.

**Q21 My spouse has died and although I was not party to the original shared equity agreement that they entered into, would it be possible for me to enter into a shared equity agreement for my spouse's share?**

**A** Yes, ownership of a shared equity property can be transferred to a 'surviving spouse' so long as you enter into a shared equity agreement within 6 months of the date of the death of your spouse. If no shared equity agreement is entered into by the spouse, we would expect the property to be sold on the open market and Scottish Ministers equity stake repaid.

**Q22 My parent has died recently and was the owner of a shared equity property. Can I enter into a shared equity agreement to take over their equity share?**

**A** No, if a shared equity owner dies, this triggers a 'payment event' under the terms of the shared equity agreement and the property would need to be sold on the open market and Scottish Ministers equity stake repaid.

### **I want to Change Mortgage Lender**

**Q23 Can I re-mortgage my shared equity property with a different lender?**

**A** Yes, you may re-mortgage your property at any time. If you are changing your mortgage lender but not increasing your borrowing, you should inform your agent of this to allow them to correspond with both your own solicitor and the Scottish Ministers' solicitors regarding drawing up of any new documentation for your property.

**Q24 Can I change my mortgage product with my current lender?**

**A** Yes, if you are changing your mortgage product, but not changing your lender or increasing your borrowing, you should provide your administering agent with a copy of your new mortgage offer.

### **I Want to Increase the Amount of my Borrowing against the Property and (Take Additional Secured Lending)**

**Q25 Can I take out additional secured lending over the property?**

**A** Possibly. An independent valuation will have to be carried out to determine the current value of the property. Your administering agent can arrange this on your

behalf or you can go to any RICS-registered surveyor, provided they are willing to produce a Letter of Reliance which allows the Scottish Ministers to also rely on the terms of the valuation report. From the valuation report it can be worked out if there is adequate equity in your property to support your additional borrowing.

This means that **the value of the property must have increased** sufficiently so as not to **infringe on the Scottish Ministers' equity stake**. If the value of your property has increased, the administrative agent will proceed with seeking approval from the Scottish Ministers for the additional lending.

### Can I Enter into a Guarantor Mortgage?

#### **Q26 Can I re-mortgage my shared equity property with a third party acting as guarantor?**

**A** Providing your lender is content to offer a mortgage product to you based on a third party acting as guarantor, Scottish Ministers would also be content with this approach.

### I want to Make Home Improvements

**Note: for the period in which Scottish Ministers retain a share in your property, they may benefit from any increase to the value which may occur from any approved home improvements whilst not contributing to the cost of those improvements**

#### **Q27 Can I carry out home improvements to my shared equity property?**

**A** Minor improvements, which the Scottish Ministers class as those not requiring planning permission or a building warrant (such as changing kitchen units or installing a new bathroom), may be carried out at any time and we do not require you to notify us of them.

#### **Q28 Is there a limit as to the level of home improvements I can make to my shared equity property?**

**A** In the case of a major improvement, for example an improvement requiring planning permission or a building warrant, you should contact your administrative agent with details of the improvement. They will then seek approval from Scottish Ministers for you to carry out the work. You should appreciate, however, that if any major improvements add to the value of your property, Scottish Ministers will share in that increased value if the house is sold while Scottish Ministers still retain an equity stake. You should therefore consider whether it would be better to tranche up and buy the whole of the equity in your property before spending money on major improvements.

If you require additional lending secured on the property to carry out the works, you will have to seek approval using the process highlighted in the section above.

## **I am Facing Financial Difficulties**

**Q29 What should I do if I find myself in financial difficulty i.e. struggling to pay my mortgage?**

**A** In the first instance you should contact your mortgage lender to discuss what assistance or options are available to you. You may also wish to consider contacting an independent financial advisor and/or your local citizens' advice bureau.

## **What happens when a shared equity owner is deceased?**

**Q30 My relative is a shared equity owner who recently passed away. What should happen to their property?**

**A** When a shared equity owner is deceased, this triggers what's called a "payment event". This requires the Scottish Ministers' remaining equity share in the property to be repaid at the current market rate, and so the property will normally require to be sold by the executors of the deceased owner in order to repay any mortgage and also Scottish Ministers' share. Any balance which remains after that becomes part of the deceased's estate, to be distributed by the executors.

## **What are LIFT Properties with a Golden Share?**

**Q31 What is a Golden Share property?**

**A** In certain circumstances Scottish Ministers will always keep a stake in your property (20% for NSSE and 10% for OMSE). This is known as a 'Golden Share' and is likely to happen in areas where there are only small amounts of affordable housing and few opportunities to build more affordable homes and is designed to protect the supply of affordable homes for sale in the future. You will have been made aware of this prior to committing to purchasing your property.

In cases where the Scottish Ministers retain a Golden Share over your property, certain restrictions may apply when selling the property or increasing your equity stake. For further information on this, or to check whether your property is subject to a Golden Share, please contact the administering agent.

If you have a query that is not answered above please email [sharedequityqueries@scotland.gsi.gov.uk](mailto:sharedequityqueries@scotland.gsi.gov.uk)

## ANNEX A

### Administering Agent for Open Market Shared Equity (OMSE)

**Link Homes**

Watling House  
 Callendar Business Park  
 FALKIRK  
 FK1 1XR  
 Telephone: 08451 550 019  
 Email: [lift@linkhalt.co.uk](mailto:lift@linkhalt.co.uk)

### Administering Agents for Help to Buy (Scotland)

AGENT	Local Authority Areas Covered
<p><b>Highland Residential            (Part of Albyn Enterprises Limited)</b>            68 MacLennan Crescent            INVERNESS            IV3 8DN             Telephone:            01463 701 271</p>	<p>Highland            Shetland Islands</p>
<p><b>Grampian Housing Association Limited</b>            Huntly House            74 Huntly Street            ABERDEEN            AB10 1TD            Freephone:            0800 1214496  <a href="mailto:ownership@grampianhousing.co.uk">ownership@grampianhousing.co.uk</a></p>	<p>Aberdeen City            Aberdeenshire            Moray</p>
<p><b>Link Homes</b>            Watling House            Callendar Business Park            FALKIRK            FK1 1XR            Telephone: 0330 303 0023  <a href="mailto:helptobuy@linkhalt.co.uk">helptobuy@linkhalt.co.uk</a></p>	<p>Edinburgh, East Lothian, Midlothian,            West Lothian, Scottish Borders and Fife</p> <p>Angus, Clackmannanshire, Dundee, Falkirk,            Perth &amp; Kinross and Stirling</p> <p>Glasgow, East Renfrewshire, Renfrewshire,            East and West Dunbartonshire, Inverclyde,            North and South Lanarkshire, North, South and            East Ayrshire, Argyll &amp; Bute and            Dumfries &amp; Galloway</p> <p>Orkney Islands</p> <p>Eilean Siar (Western Isles)</p>