

Homeownership Assistance Equity Loan Scheme



Assisting aspiring homeowners to get on to the property ladder

Catalyst Housing (Catalyst) is a leading housing association delivering affordable homeownership products across London and the South East of England.



Access up to £70,000 with two years free interest to buy your new home!



What is the Elmbridge Borough Council Homeownership Assistance Scheme?

Low-interest equity loans are designed to boost affordability by topping up your maximum mortgage capability. The Elmbridge Homeownership Assistance Scheme thus gives aspiring homeowners a route to purchasing a home that would normally be out of their financial affordability.

What's the Open Market?

Once you have been confirmed as eligible for the scheme, you are able to find your property on the open market. This means you can buy any property of your choice within the Elmbridge Borough Council area, as long as it is not tied to another government backed affordable homeownership scheme (e.g. part-buy/part-rent) etc.

You can find your perfect home of your choice by looking at property websites online, local newspapers advertisements, and visiting your local estate agents.

The scheme is co-funded by Catalyst and Elmbridge Borough Council. Application processing and delivery of the scheme is done by Catalyst. This scheme offers a two year interest free period for the approved loan to help make your aspiration of homeownership a reality.

Who is eligible?

Social tenants

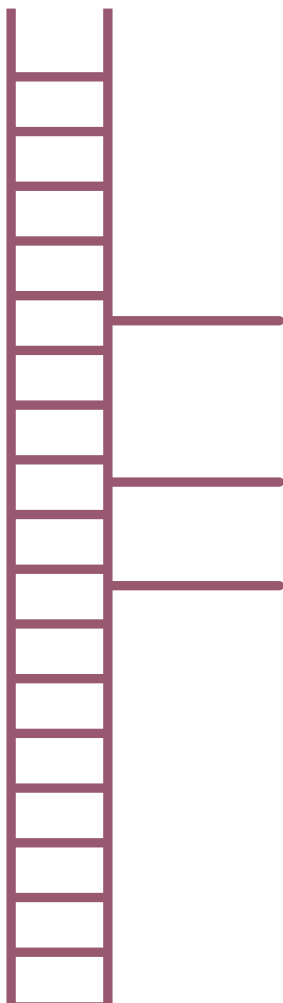
Existing housing association tenants in the Elmbridge Borough Council area, where the existing property will be offered to the local authority for nomination.

Local connections

Those that live or work in the area including first time buyers.

Others with changing circumstances

Those experiencing a major change in their circumstances, i.e. disability, prolonged illness, increase in family size, divorce or separation.



What are the additional considerations?

- Total gross household income must be below £60,000 per annum
- Sufficient savings are required to cover purchasing costs and deposit
- Must not have been in rent arrears in the past 12 months
- Unable to purchase a suitable property without assistance
- Not named on the deeds of another property whether in the UK or abroad, unless the property is being sold.

If you fit the eligibility criteria, complete the application form today to take advantage of the two years free interest payments as funds are limited.

How much support can I get?

Depending on your circumstances you could receive a loan of between 15% - 40% of the property value. The maximum loan available is **£70,000** (dependent on your assessment).

- To obtain a mortgage, purchasers will probably need to raise a deposit of at least 5%* of the property they are proposing to purchase and purchasing costs which may include solicitor's and mortgage fees, Homebuyer report and stamp duty. Please note, the lending policies of financial institutions are subject to change.
- Before applicants are allowed to proceed, a satisfactory affordability assessment must be obtained from the approved scheme Independent Financial Advisor (IFA) to determine your eligibility for the scheme.

* Deposit requirements may vary.



2 years interest free

Equity Loan example

Property Price: **£200,000**

Mortgage: **£120,000**



Equity Loan (35%): **£70,000**

Deposit (5%): **£10,000**

What are the charges for this scheme?

For purchases made from April 2015, **no charges on the equity loan will be made for the first two years.** Thereafter, a 2.5% interest rate will be charged from year three. The amount charged will increase annually by an amount equivalent to the Retail Price Index* (RPI) plus an additional 1%. This is illustrated as below, with an assumed RPI of 2%:

PROPERTY PRICE	£200,000
Deposit (5%)	£10,000
Mortgage	£120,000
Equity Loan (35%)	£70,000

YEAR 3	
Year 3 interest charge (2.5%)	£1,750
Monthly payments	£145.83

YEAR 4	
Year 3 interest charge	£1,750
Assumed RPI (2%)	£35.00
Additional 1%	£17.50
Year 4 interest charge	£1,802.50
Monthly payments	£150.21

YEAR 5	
Year 4 interest charge	£1,820
Assumed RPI (2%)	£36.05
Additional 1%	£18.03
Year 5 interest charge	£1,856.58
Monthly payments	£154.72

Important Note: You are requested to ensure that you **DO NOT** make any financial commitments until your identified property purchase has been fully approved by both Catalyst and Elmbridge Borough Council.

Terms & Conditions apply and are subject to change.

* RPI will vary and figures are subject to rounding.

What is the process?

Step
01

Register with Catalyst

Complete the required application forms. Catalyst will then submit your application to Elmbridge Borough Council for approval.

Step
02

Receive notification from Catalyst

Catalyst will generally contact you within 8–10 working days outlining the range of support that you could be eligible for and provide you with a Property Information Form (PIF).

Note: If you are not eligible for the scheme you may still be able to benefit from the other affordable home ownership options available. Please call 0300 456 2077 to find out which schemes are available in your area.

Step
03

Open Market Search

You are advised to speak to an Independent Financial Advisor (IFA) for a provisional mortgage calculation. You can then begin to search for your new home on the open market through your local estate agents, looking at property websites and newspaper advertisements etc.

Step
04

Found a new home?

Submit your PIF to the Financial Advisor. This will then be given to Catalyst along with the relevant financial assessments and documents. A copy of the property particulars should also be provided by the selling estate agent.

Step 05

The property is assessed

Catalyst Equity Loans team will assess the suitability of the proposed property and obtain final approvals i.e. from Elmbridge Borough Council, if required.

Step 06

Instruct professionals

Conditional consent will be granted to purchase the property using assistance from the equity loan scheme. At this point you will need to instruct solicitors and contact your IFA to submit a full mortgage application. If required we can provide a list of solicitors that you may want to choose from to represent you in the purchase.

Step 07

Exchange date is set

The remainder of the property purchase will proceed in the normal way. Your solicitor will conduct all the relevant searches and seek confirmation with your mortgage provider and Catalyst Equity Loans team that all the relevant funds have been approved.

You will need to co-ordinate with your IFA and solicitor and ensure we receive a copy of your mortgage offer and a Homebuyers' survey for approval before the exchange can be authorised.

Once Catalyst has provided your solicitor with formal authority to exchange, the exchange can take place. Completion will be at least 10 working days after exchange and is conditional on your direct debit mandate being received, as well as signing the Equity Loan Agreement.

What type of property can I buy through the scheme?

Property Eligibility

The home selected for purchase must meet the following criteria:

- 1.** The size of the home must be suitable for the applicant's current housing needs and can be one bedroom in excess of your current need.
- 2.** The home must be located in Elmbridge. However, social housing tenants in Elmbridge can buy anywhere in England where the resulting vacancy will be offered to the Council for nomination.
- 3.** The home is wholly for residential use. A home where the planning use is part commercial is not eligible.
- 4.** The home selected must be bought with vacant possession and (a) be immediately habitable OR (b) be a new home under construction, provided the purchase price is fixed AND is available freehold or have a lease length of at least 99 years as well as meeting the lender's requirements AND (c) not benefit from other public subsidy.
- 5.** The home is acceptable to Catalyst and for mortgage lending purposes; it has good and marketable title, and is in a reasonable state of repair as evidenced by a Homebuyer's Report (a building survey is not required). The Homebuyer's Report is required for all properties other than new properties that have not been previously occupied; the Applicant is responsible for the cost of the survey.
- 6.** A new property must have a National House Building Council (NHBC) guarantee or a similar warranty, agreed by Catalyst, by a reputable insurance company.
- 7.** The Eligible Applicant's Lending Institution places no retention, or a retention of up to £5,000 on the mortgage offer.
- 8.** The following types of property can be purchased, subject to the ADDITIONAL conditions outlined below:
 - 8.1.** A home the applicant is currently renting from a private landlord, provided it is self-contained AND the landlord is not resident.
 - 8.2.** A property owned or part-owned by a family member (excluding spouse/partner) or business associate, provided that an independent valuation is obtained from a Royal Institution of Chartered Surveyors (RICS) agreed by Catalyst.
 - 8.3.** An estranged spouse or partner's share in a formerly shared home can be bought out following a relationship breakdown where the disposal is required/ supported by:
 - (a)** court order
 - (b)** legal settlement after a court order
 - (c)** order sanctioned by a court (e.g. a consent order)
 - (d)** formal written 'separation agreement' signed by both parties, such an agreement can be legally enforced or varied by reference to a court.



(e) A 'second' property may be able to be purchased even though the applicant has an on-going interest in a 'marital home' but only in circumstances where the property cannot be sold ie the estranged spouse/partner is allowed by the court to remain there whilst bringing up dependent children; AND provided that an independent valuation (based on market value with vacant possession) is obtained from a RICS agreed by Catalyst.

8.4. Catalyst may reject a home it considers is in poor condition, based on the information provided in the Homebuyer's Report. Where the vendor has agreed to carry out works before completion, Catalyst may approve the home on condition that the applicant provides evidence that the works have been completed to a satisfactory standard, and are acceptable to the applicant's conventional mortgage lender.



Excluded property

The following types of property cannot be purchased:

- X** A commercial property
- X** A home on sale at auction
- X** A mobile home (including fixed homes covered by the Mobile Homes Act 1983) a caravan and a houseboat
- X** A home offered at a discount or on shared ownership terms by a housing association or local authority or other public body. This includes properties sold with a discount funded through a Section 106 Agreement, except where the property has been privately funded and no other public subsidy has been used or the parties agree otherwise
- X** A plot of land on which to build
- X** A home, which is to be built, by the applicant or a self-build group
- X** A property occupied by sitting tenants.

What are my responsibilities once I have purchased my property?

The legal charge

You will sign a legal charge that will record that you have bought your home with the help of an equity loan. The legal charge sets out certain responsibilities including:

- Keeping your home in good condition
- Informing Catalyst and getting our written consent for any improvements or alterations you make
- Not subletting your home to anyone else
- Keeping your home insured
- Paying any service charges required
- Repaying the loan if you leave your qualifying profession (where relevant).

Repairs and maintenance

Like any homeowner you will be responsible for all the repairs and maintenance on your home. If you own an apartment you will be responsible for maintaining the interior. The freeholder will usually take care of external repairs and decoration to communal areas for which you will pay a service charge. If you own a maisonette, you will usually have an obligation to maintain the exterior together with other occupiers and there may be no service charge.

Alterations and improvements

You must notify Catalyst and obtain approval for any alterations or improvements you intend to make to the property, e.g. building an extension or altering the layout etc.

Any improvements you make to your home which potentially increase its value will be recorded and taken into account when you sell your property.

If you need to take out further loans, for repair or improvement, which need to be secured on the property, you must obtain consent from Catalyst. You will not be permitted to obtain a further advance for debt consolidation.

Insurance

It is your responsibility to ensure that the property is insured and to send the details to Catalyst.



What if I want to sell my property or repay the loan?

- 1.** If you wish to sell your home or repay the loan at any time, you must contact Catalyst.
- 2.** You will be required to repay your loan when:
a) your mortgage has been redeemed (to a maximum of 25 years), OR
b) the property is sold, OR
c) on the 25th anniversary of the equity loan.
- 3.** You will then arrange for an independent valuation to be carried out by a RICS approved surveyor, so that the value can be agreed and the loans repaid in full. You will be responsible for the cost of the valuation.
- 4.** You will repay the relevant percentage (your initial loan percentage) of the agreed market value of your home at the time of repayment.

Any questions?

If you have any other queries relating to this scheme, please contact the Equity Loans Team on:

T: 0300 456 2077

E: equityloans@chg.org.uk

Additional Fees

Below are a list of additional fees that may be implemented in relation to Elmbridge Homeownership Assistance Scheme, after purchasing the property*.

Late monthly payment - £8

If you fail to pay the monthly payment on time. You will also be responsible for any associated legal fees

Redemption of loan - £200

If you or your beneficiary repays the equity loan in full

Approving a mortgage - £100

If you wish to change to another mortgage lender or obtain a further advance through your existing lender, Catalyst's consent is required

Registration of improvements - £40

If you wish to make an alteration to the property. Not all works will be accepted as an improvement, so please check with Catalyst first

Transfers of equity - £50

If you wish to add or remove a name from the loan, Catalyst's consent is required

Copies of documents - from £10

If you ask Catalyst to supply a copy of a document

Deed of substitution/Security - £50

If you require an extension of any lease

0300 456 2077
equityloans@chg.org.uk
www.chg.org.uk