



From mountain to sea

Low Cost Shared Equity

Purchasing a Low Cost Shared Equity Property

October 2021



This guidance leaflet explains everything you need to know about purchasing your Low Cost Shared Equity Property.

The Low Cost Shared Equity scheme is a scheme where the nominated purchaser buys the majority Equity Share in a property. This could be a new build from the developer or a resale from an owner. It is aimed at first time buyers on modest incomes who are unable to purchase a home to suit their needs on the open market without some form of assistance.

1 What happens if I am nominated to purchase a property?

Aberdeenshire Council will contact you to advise you what you need to do next. You will be sent a letter confirming your nomination subject to obtaining the necessary finance. Aberdeenshire Council will also pass your details onto the developer/owner of the property. You will be given a period of time, usually 10 working days, to decide if you want to proceed or not with the purchase.

You need to make sure that you have finance available to purchase the property. This may mean that you will have to secure a mortgage. For a new build LCSE property you may also have to pay an upfront reservation fee and/or deposit. It is your responsibility to seek independent financial and legal advice and to arrange a mortgage if necessary.

Whilst Aberdeenshire Council nominates successful applicants for this scheme, any contractual agreement is entered into with the developer/ owner of the property directly and does not involve Aberdeenshire Council in any form of liability. The contract of sale is between the developer/owner of the property and the successful applicant.

You should contact your solicitor to start the legal process and discuss all the terms and conditions of the legal agreement regarding the purchase of the property - this may include factoring arrangements and charges, land and building transaction tax for example. Please also make sure that your financial arrangements are in place before you enter into any legal agreement to purchase the property.



It is essential that you take legal advice and financial advice before you enter into any legal agreement with the developer/ owner of the property as your acceptance is legally binding.

Please ensure that you register on the Electoral Register if you have not done so already as failure to do so may affect your ability to secure a mortgage. We also advise that you check your credit profile that may highlight any issues which may prevent you from securing a mortgage – you can obtain your credit profile from companies such as Experian, Equifax etc. Your Financial Advisor will be able to help you with this.

2 What costs are involved if I am a nominated applicant?



2.1 Developer

This section 2.1 only applies to new build LCSE properties being sold by a developer.

You will not have to pay any money to the developer until you have been advised by us that you are nominated and you have confirmed that you wish to proceed with the purchase of the property. Each development is different but for some developments there may be a reservation fee payable to the developer when you reserve the property, which may be non-returnable

- a deposit payable to the developer on conclusion of missives, which may also be non-returnable. Please note that by concluding missives you are entering a legally binding agreement therefore it is important that you continue to take legal and financial advice throughout the process.

Details of what needs to be paid will be outlined in the guidance notes which are issued with the application form.

2.2 Mortgage

If you are looking to take out a mortgage to finance the purchase of the property you will be required to pay a deposit to your mortgage provider – please note that this will be in addition to any deposit payable to the developer. It is important that you discuss this with your mortgage advisor so that you are fully aware of all the costs involved in securing a mortgage as each person is assessed on their own personal circumstances.

2.3 Legal

You will be responsible for your own legal costs, such as your solicitors' fees, survey fees and any other costs associated with the purchase including Land and Buildings Tax (if applicable). You should seek advice from your solicitor on this matter.

2.4 Factoring

There may be a factoring charge for your property which you would be solely responsible for; this may include grass cutting, maintaining communal areas and building insurance. Details will be provided directly by the developer/ the owner's solicitor but this could include an initial deposit as well as regular monthly/annual payments.

2.5 Other

Please remember that you may incur some other cost such as removal costs, floor coverings, white goods and furniture.

3 Will I legally own the whole property?

The title deeds will be solely held by you with Aberdeenshire Council retaining their interest through a standard security in the title deeds. This standard security held by Aberdeenshire Council is ranked after any security held by the mortgage provider. Details of the security held by Aberdeenshire Council will be detailed in the guidance notes, which are issued with the application form.

4 Will I need to pay rent on the Share that Aberdeenshire Council holds?

No, you do not have to pay any rent on the property. You will have to secure a mortgage for purchasing your equity share of the property only.



5 Am I able to purchase a larger share in the property at a later date?

In most cases you will be able to increase your share in the property. Details of if and when you can increase your share in the property will be detailed in the guidance notes issued along with the application form.

6 Am I able to purchase the property outright?

You will not be able to buy the property outright. Aberdeenshire Council will always retain an Equity Share in the property. This is to ensure that the property can remain affordable to future households should you decide to sell at a later date.

7 Am I allowed to let or sublet the property?

You are expected to occupy the property as your only and main home. In exceptional circumstances you may be able to let or sublet your property. You are required to get permission from Aberdeenshire Council in writing before you do so. Enquiries should be made at LCHO@aberdeenshire.gov.uk. If permission is given, you may only be allowed to let the property for a limited period of time and you will need to register as a landlord. Advice and information is available <http://www.aberdeenshire.gov.uk/housing/private-housing/private-landlords-advice-and-support>. It is also recommended that you contact your mortgage lender as you may require their permission before you can let or sublet your property.



8 What are my responsibilities as an owner?

When you buy a property through this scheme, you will have full title to the property. As the homeowner and occupier you will be solely responsible for keeping the property in a good state of repair. You will be responsible for all repairs and maintenance costs and insurance as well as keeping up with mortgage repayments and paying your Council Tax. If your property has common or shared area you will also be responsible for paying any common maintenance or service charges - often referred to as Factoring- as detailed in the title deeds. Any factoring charges will be detailed in either the guidance notes or advised by the developer/the owner's solicitor prior to purchasing the property.

It is important to note that Aberdeenshire Council is not responsible or liable for any such costs. You as the homeowner with full title to the property are responsible.

9 Contact Details

For more information on the Low Cost Shared Equity scheme please contact:

LCHO@aberdeenshire.gov.uk



Development Officer (Affordable Housing Team)
Housing Strategy
Infrastructure Services
Gordon House
Blackhall Road
Inverurie,
AB51 3WA

Tel: 01467 534685

Tel: 01467 539457

Tel: 01467 533027

10 Other Useful Information

You will find other information on the scheme in the following leaflets which can be found on the Aberdeenshire Council Website at <http://www.aberdeenshire.gov.uk/housing/housing-options/buying/low-cost-homes-for-sale/>

