

BUY TO HELP



Residential property investment
in flats and houses that
provides quality homes for
people with learning disabilities

“ Having a home is a fundamental human right. It roots us in a community and the possession of a home helps other citizens to see us as a genuine part of the community. If we have a home, we belong, we are staying and other people have to recognise our presence. We are somebody who has a stake in the community. ”

Simon Duffy MA (Hons) DMS PhD FRSA

Keys to Citizenship: A guide to getting good support for people with learning disabilities. Simon is a well known social innovator and writer who is working to redesign the current welfare system so that it will better support citizenship and strengthen our community life.

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Key features

- Running yield on invested amount of around 4% after all costs and before property growth
- Exposure to residential property growth
- 100% ethical investment
- Provides accommodation security for people with learning disabilities
- Removes all property acquisition costs and all on-going costs for people with learning disabilities

In essence, 'Buy To Help' similar to 'Buy To Let' but with these additional valuable advantages:

- The income is generated securely from State Benefits
- There are no rental voids
- It achieves a social good



Background

People with learning disabilities often live in institutional care, which for many is an inappropriate environment. Vast numbers live in private rented accommodation. But because of Housing Benefit restrictions, these homes are often of poor quality in the worst locations, with the person a few months away from potential eviction. None of these options is as secure or as desirable as owning a home of their own.

Despite there being over one million people in the UK with learning disabilities, it's estimated that fewer than 2,000 have purchased their own home. The vast majority who have bought a home have done so on a shared ownership basis, with the aid of a mortgage. But following the credit crunch in 2008, almost every mortgage lender has now withdrawn from this market.

In 2010, the position worsened. The coalition Government's Big Society and austerity measures not only reduced welfare benefits, housing association grants have also been curtailed removing the capital required to fund part of the property purchase. In short, the housing position for disabled people has never been so bad.

Shared Ownership Homes has been arranging shared ownership purchases for learning disabled people for some years now. Working with housing associations, registered charities, solicitors, mortgage advisers and lenders, it has helped many disabled people across the country secure a home of their own.

In conjunction with its partners and based on its experience, Shared Ownership Homes has developed a way that learning disabled people can purchase a shared ownership home, whilst at the same time, creating an attractive reward for investors who get involved in this vital and worthwhile work.

A new dawn

Buy To Help is a residential property investment. The property is purchased on a shared ownership basis. It's owned by the investor and a learning disabled person. The investor provides the money to purchase his share as well as the money that will be advanced as a mortgage to the disabled person.

In return, the investor receives an immediate, secure and regular income, at a rate currently higher than deposit-based investments. In addition, the investor will have all of his money exposed to long-term residential property growth, a feature not available with deposit-based investments.

And from day one, the investor has the comfort of knowing his money is achieving a social good.

Buy To Help appeals to the following groups:

- Care and Support Providers wanting to generate new care packages
- Institutional investors managing pension funds and unitised investments looking for secure income streams and residential property exposure for their portfolios
- Local Authorities keen to make significant budgetary savings
- Grant Making Trusts who support disability charities
- Supporters and donors of Disability Charities
- Socially conscious Wealthy Investors desiring a higher return than deposit-based investments
- Parents and Relatives of disabled people who wish to acquire a permanent home for their loved ones

Fair exchange

Becoming property owners provides disabled people with the one thing they seek most: long-term accommodation security. It gives them more choice about where they live, often in better quality homes. It affords them more control and the right to remain in their homes for the rest of their lives.

It has always been a central philosophy of Shared Ownership Homes that those who have money to purchase property help those who haven't. Using a unique legal agreement, every learning disabled person who has bought a home through Shared Ownership Homes has done so without having to pay any fees. Furthermore, once in residence, the on-going mortgage and rental obligations are automatically satisfied through State benefits.

In conventional shared ownership, each party puts up the money to pay for his share of the property, either with cash or a mortgage. But in Buy To Help, the investor puts up all of the money to purchase the whole of the property. As a result, it's ethically fair and morally acceptable that when the disabled person vacates the property on a permanent basis, his share passes to the investor.

This does not detract from the fact that the disabled person is, quite genuinely, a property owner for the period of occupation, and that provides the valuable benefit of long-term accommodation security.

How it works

Buy To Help is perfectly in line with government policy which intends to shift the provision of social housing to the private sector. The following steps summarise how it works.

- The investor chooses the location for his property investment and allocates sufficient money to purchase a home suitable for a learning disabled person. Often, it will be a one bedroom flat.
- Through its contacts with care and support charities and local authorities, Shared Ownership Homes identifies a disabled person in need of rehousing in a home of his own, in the location matched to the investor.
- A shortlist of properties suitable to the needs of the learning disabled person is created, which also offers the prospect of a good return for the investor. A mutually acceptable property is then chosen.
- The investor purchases his share of the property in his own name.
- The investor provides a sum equivalent to the remainder of the purchase price of property to the mortgage lender by way of a secured loan.
- The disabled person receives advice about the mortgage from an independent mortgage advisor who ensures suitability and appropriateness and oversees the mortgage application process.
- Having obtained an independent valuation and subject to a mortgage assessment, the mortgage lender grants the disabled person a mortgage to pay for his share of the property from the proceeds of the funds provided by the investor.



- The mortgage is set up with an open-ended term on an interest only basis, charged at the prevailing rate for Support for Mortgage Interest (or the equivalent State benefit from time to time).
- On completion, the property is owned by the investor and the disabled person on an agreed split, for example 50:50.
- The property is purchased under the Shared Ownership Homes lease and agreement, which vests the disabled person's share of the property in the investor when the disabled person vacates the property permanently.
- The mortgage lender claims Support for Mortgage Interest from the Department of Work and Pensions. Having deducted an administration charge, the balance is paid to the investor.
- The investor charges the disabled person rent in respect of his share of the property which is never more than the maximum amount of Local Housing Allowance to which the learning disabled person is entitled.
- A specialist property agent helps the disabled person claim Local Housing Allowance from the Local Authority, which is paid directly to the investor to cover the rent after deducting a fee.
- Under the legal agreement, the investor is responsible for the repairs and maintenance of the property including any ground rent, lease payments and buildings insurance. The investor can either undertake this work himself or he can be introduced to a suitable contractor by Shared Ownership Homes.
- On the disabled person's permanent vacation of the property, the disabled person's share of the property will pass to the investor and the mortgage is settled.

Investor's income

The investor receives two regular payments:

Funding to the mortgage lender

As the learning disabled person doesn't work, he's entitled to claim Support for Mortgage Interest (SMI) from the Department of Work and Pensions to cover his mortgage interest payments on his share of the property. The rate for SMI is set by the Government at the 'average mortgage rate'. It's currently 3.63% (November 2010). SMI is paid directly to the mortgage lender, which means the disabled person doesn't have to worry about making the interest payments himself. To ensure he's never overpaid or underpaid, the mortgage interest rate is set exactly at the SMI rate. It rises and falls in line with changes in SMI. Having deducted an administration charge, the balance is paid by the mortgage lender to the investor.

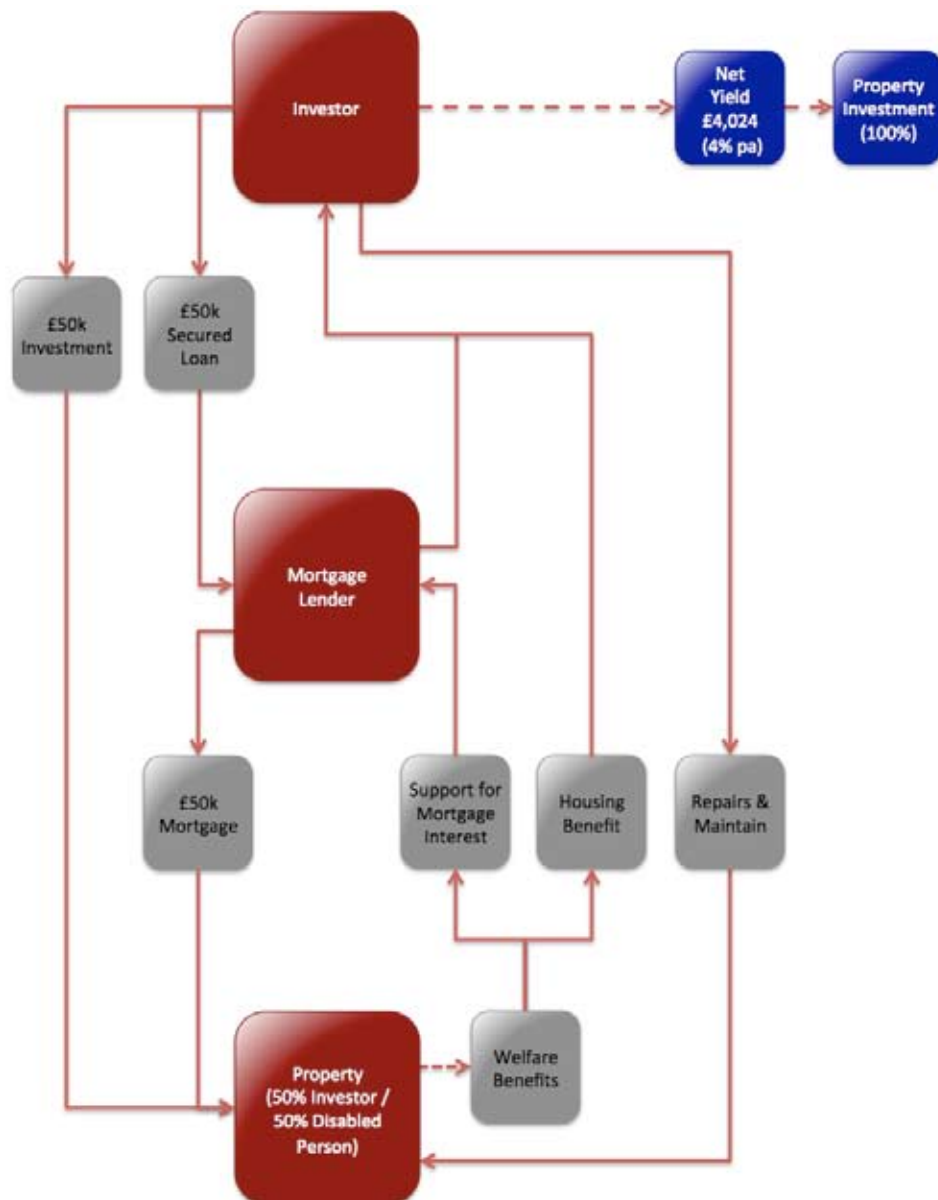
On the investor's share of the property

Just like all shared ownership purchases, the disabled person is required to pay rent on the part of the property that isn't owned by him. As he doesn't work, he's entitled to claim Local Housing Allowance from the Local Authority. To avoid both the disabled person and the investor having to be involved in the transaction, it's paid to a specialist property agent who's responsible for ensuring the income stream continues. Having deducted an administration charge, the balance is paid by the agent to the investor. The rent can never be more than the maximum amount of Local Housing Allowance to which the learning disabled person is entitled.

Based on an average portfolio of properties across the country, the net yield is expected to be around 4.0% after all costs. Any capital appreciation of the property would be in addition. A full analysis is shown in the Appendix on page 18.

Flowchart

Here's an illustration showing how an investment of £100,000 produces an annual income of around £4,000 per annum, after all costs.



Our partners

Shared Ownership Homes has assembled all the relevant organisations to deliver Buy To Help.

Across the country, Shared Ownership Homes has connections with many care and support providers who not only identify learning disabled people who would like to live in more suitable accommodation, they provide the care and support packages to the disabled people once they move into their new homes.

The disabled person's mortgage is created by a specialist mortgage lending company, which is authorised and regulated by the Financial Services Authority. Not only does it have the regulator's permission to create the mortgage, it's also licensed to administer the mortgage. This enables it to claim SMI directly from the Department of Work and Pensions, saving both the investor and the disabled person the time and effort of having to get involved in this aspect of the transaction.

Shared Ownership Homes maintains a panel of mortgage advisers qualified to provide the disabled purchasers the necessary financial advice regarding their mortgage transactions.

A specialist property agent is included in the team. If required, it helps investors find suitable property to purchase. Its main role is acting as the agent between the disabled person and the investor, ensuring the continuation the welfare benefit income stream from the Local Authority. Details of its services are shown in the Appendix on page 28.

Benefits for all

The Disabled Person

Providing a disabled person with long-term accommodation security for life is the best possible outcome, compared with the private rented sector, in which he may have a six month notice period, or living in a care home in which his notice period may actually be zero! In addition, he has no accommodation-related costs, allowing him to make the most of his other limited welfare benefits. But above all, he's housed in a quality location for an improved standard of life, and this ensures the investor is exposed to the best chance of property appreciation.

The Investor

Having deducted the associated costs, investors enjoy an above average income compared with other deposit-based investments. Having acquired the property initially at a competitive price, the potential for long-term appreciation is excellent. But most importantly, the investor is creating a better life for some of the most disadvantaged people in society.

The Care and Support Charity

Charities need to grow to maintain their good work and Buy To Help enables them to achieve this. It gives charities the opportunity to win new business by supporting disabled people to live in their own homes. Furthermore, the promotion the charity receives to institutional investors and wealthy individuals through being a partner gives it the potential to raise funds through direct support and donation.

The Local Authority

Supporting people in their own home is not only a central feature of Government policy, it can save the State thousands of pounds each year. In a recent report commissioned by Bristol University's Norah Fry Research Centre (2010), supporting someone in their own home saves the State on average £20,384 per year compared to supporting them in a registered care home. Given the state of the UK economy, Buy To Help provides investors with an opportunity to help the wider community by releasing public funds for other purposes.

Risk and rewards

Buy To Help provides a secure and virtually guaranteed income stream, funded by welfare benefits. Whilst there's a risk these benefits could stop, the likelihood of this happening is remote. All colours of Parliament have indicated their wish to continuously support the most disadvantaged people in society.

In the unlikely event that SMI is scrapped and the disabled person cannot pay his mortgage interest, he will be in default on his mortgage. Under the terms of the agreement, and subject always to the lender's regulatory obligations including but not limited to ensuring the disabled person is treated fairly at all times, the mortgage will be settled and the investor will acquire the whole of the property. The investor could sell the property, which would require the disabled person to move, effectively returning him to the position he was in before he proceeded with the purchase. However, the investor could rent the property to the disabled person, providing welfare benefits are sufficient to give the investor a reasonable return.

When the disabled person permanently leaves the property, if the value of his share has fallen below the level of his mortgage, he is not required to cover the shortfall, as they would be in a conventional shared ownership situation. The risk of a falling value is borne entirely by the investor, as would be the case if the investor had purchased the property as a 'Buy to Let'.

Compared to 'Buy to Let' property investment, Buy To Help is likely to be a much longer term investment. This is because the disabled person has the right to remain in the property for the rest of his life. But this provides the investor with a significant benefit: a permanent, uninterrupted income stream, compared to potential rental voids often suffered by 'Buy to Let' investors.

Other information

The cost of property acquisition

Typically, the costs incurred in acquiring the property and establishing the mortgage will be around £5,000. A breakdown of these costs is detailed in the Appendix on page 34. The Investor should factor these costs into the overall yield, but in many cases, they will be fully covered by purchasing the property at ‘below market value’.

Property Finding Service

The Investor is permitted to find his own property, but in each case, Shared Ownership Homes will vet the property to ensure it’s a suitable home for a learning disabled person. There is no charge for this service. If the Investor requires assistance in finding a property, he will be introduced to a Specialist Property Agent who can provide this service. Details of how this service works are shown in the Appendix on page 28.

Property Maintenance Service

The Investor is permitted to manage the property repairs and maintenance himself. However, if required, Shared Ownership Homes can put the investor in touch with an approved contractor. The Investor will deal directly with the contractor, paying them directly. The annual cost of this service is expected to be in the region 2.5% of the full property value. This fee covers the cost of all property repairs and maintenance. It also covers any leasehold charges and ground rent, and buildings insurance. Exceptional property charges, such as roof replacement or external redecorations are levied in addition to this annual fee, exactly as it would be in any other property transaction, including ‘Buy to Let’.

Realising the investment

Buy To Help is a long-term investment. It lasts for the full period the learning disabled person occupies the property. However, there are two options open to the investor to realise money before this period ends.

Borrowing

The investor may approach any lender of his choice to raise a loan or mortgage against his share of the property. Any borrowing would be secured as a second charge, the first charge being the learning disabled person's mortgage, and it's subject to approval by the mortgage lender, which is ordinarily granted.

Selling the property

At any time, the investor may approach an individual or corporate body to take over their investment. Money can be released in one of three ways:

- from the investor's share of the property
- from the learning disabled person's share of the property
- from the full value of the property

Summary of the process

Making the investment	
Shared Ownership Homes	Explaining Buy To Help to the investor
Specialist Property Agent	Finding the property (optional)
Shared Ownership Homes	Helping the disabled person with the purchase
Specialist Property Agent	Providing mortgage advice to the disabled person
Mortgage Lender	Offering the mortgage
Conveyancer	Processing the legal work for the purchase
Shared Ownership Homes	Liaising with all parties at completion
Completion of the purchase	
Shared Ownership Homes	Liaising with the investor and the disabled person to ensure adherence to the agreement
Specialist Property Agent	Collecting Local Housing Allowance and remitting the net income to the investor
Mortgage Lender	Collecting Support for Mortgage Interest and remitting the net income to the investor
Realising the investment	



What to do next

If you'd like to purchase one or more properties on a Buy To Help basis, or if you require more detail about any aspect of the process, please call Mike Clinton on 0845 056 8734 or email mikeclinton@sharedownershiphomes.org

Appendix - Running Yield Analysis

To calculate the net yield from a Buy To Help property portfolio, on 3 November 2010, detailed research was carried out on Rightmove and with Local Authorities in eight randomly chosen areas across England and Wales.

Rightmove Analysis

In each area, all the one bedroom flats for sale were selected, ignoring any properties specifically for retired people. Assuming there were 400 properties on the market, with 1 being the cheapest and 400 being the most expensive, the 25th percentile was selected, which in this example would be property 100. Its value was used in the analysis.

Local Housing Allowance (LHA)

Each Local Authority was contacted to establish the weekly LHA for a one bedroom flat in each area. This figure was adjusted downwards by 5% to take into account the coalition Government's imminent welfare benefits reduction.

Other Assumptions

- Each property is purchased on a 50:50 basis between the investor and the learning disabled person.
- The current Support for Mortgage Interest rate is 3.63%.
- The Mortgage Lender's annual charge is 1.5% of the mortgage advanced.
- The Specialist Property Agent's annual charge is 7.5% of LHA.
- Shared Ownership Homes annual charge is 7.5% of LHA.
- Repairs and maintenance cost 2.5% per year of the property value.

Running yield comparative analysis

The following table illustrates the running yield on the investment of a one bedroom flat in two different locations.

Location	Ramsgate	Newcastle
Purchase Price of Property	£60,000	£69,950
Property Finders Fee (optional)	900	1,049
Shared Ownership Homes Fee	1,500	1,500
Mortgage Advice Fee (optional)	500	500
Mortgage Application Fee	500	500
Conveyancing Costs	2,400	2,400
Total Investment	£65,800	£75,899
Local Housing Allowance (LHA)	£113 pw	£94 pw
Support for Mortgage Interest	1,089	1,270
Adjusted LHA (5% reduction)	5,571	4,644
Lender's Admin Charge	(450)	(525)
Property Agent's Charge	(836)	(697)
Repairs and Maintenance	(1,500)	(1,749)
Net Annual Income	£3,874	£2,943
Running Yield	5.89%	3.88%
Running yields if the property is purchased at 'below market value'		
Purchased at 95% of property value	6.12%	4.02%
Purchased at 90% of property value	6.38%	4.17%
Purchased at 85% of property value	6.67%	4.34%

The net yield is further increased by any capital appreciation of the property.

Running yield comparative analysis

The following table illustrates the running yield on the investment of a one bedroom flat in two different locations.

Location	Birmingham	Norwich
Purchase Price of Property	£74,950	£79,995
Property Finders Fee (optional)	1,124	1,200
Shared Ownership Homes Fee	1,500	1,500
Mortgage Advice Fee (optional)	500	500
Mortgage Application Fee	500	500
Conveyancing Costs	2,400	2,400
Total Investment	£80,974	£86,095
Local Housing Allowance (LHA)	£104 pw	£97 pw
Support for Mortgage Interest	1,360	1,452
Adjusted LHA (5% reduction)	5,138	4,792
Lender's Admin Charge	(562)	(600)
Property Agent's Charge	(771)	(719)
Repairs and Maintenance	(1,874)	(2,000)
Net Annual Income	£3,291	£2,925
Running Yield	4.06%	3.40%
Running yields if the property is purchased at 'below market value'		
Purchased at 95% of property value	4.21%	3.51%
Purchased at 90% of property value	4.38%	3.64%
Purchased at 85% of property value	4.56%	3.78%

The net yield is further increased by any capital appreciation of the property.

Running yield comparative analysis

The following table illustrates the running yield on the investment of a one bedroom flat in two different locations.

Location	Portsmouth	Cardiff
Purchase Price of Property	£80,000	£82,950
Property Finders Fee (optional)	1,200	1,244
Shared Ownership Homes Fee	1,500	1,500
Mortgage Advice Fee (optional)	500	500
Mortgage Application Fee	500	500
Conveyancing Costs	2,400	2,400
Total Investment	£86,100	£89,094
Local Housing Allowance (LHA)	£115 pw	£110 pw
Support for Mortgage Interest	1,452	1,506
Adjusted LHA (5% reduction)	5,681	5,434
Lender's Admin Charge	(600)	(622)
Property Agent's Charge	(852)	(815)
Repairs and Maintenance	(2,000)	(2,074)
Net Annual Income	£3,681	£3,429
Running Yield	4.28%	3.85%
Running yields if the property is purchased at 'below market value'		
Purchased at 95% of property value	4.43%	3.99%
Purchased at 90% of property value	4.61%	4.14%
Purchased at 85% of property value	4.81%	4.31%

The net yield is further increased by any capital appreciation of the property.

Running yield comparative analysis

The following table illustrates the running yield on the investment of a one bedroom flat in two different locations.

Location	Aldershot	Crawley
Purchase Price of Property	£105,000	£110,000
Property Finders Fee (optional)	1,575	1,650
Shared Ownership Homes Fee	1,500	1,500
Mortgage Advice Fee (optional)	500	500
Mortgage Application Fee	500	500
Conveyancing Costs	2,400	2,400
Total Investment	£111,475	£116,550
Local Housing Allowance (LHA)	£138 pw	£138 pw
Support for Mortgage Interest	1,906	1,997
Adjusted LHA (5% reduction)	6,817	6,817
Lender's Admin Charge	(788)	(825)
Property Agent's Charge	(1,023)	(1,023)
Repairs and Maintenance	(2,625)	(2,750)
Net Annual Income	£4,288	£4,216
Running Yield	3.85%	3.62%
Running yields if the property is purchased at 'below market value'		
Purchased at 95% of property value	3.99%	3.75%
Purchased at 90% of property value	4.14%	3.89%
Purchased at 85% of property value	4.31%	4.05%

The net yield is further increased by any capital appreciation of the property.

Blended running yield

Assuming 10 properties are purchased in each area to create a balanced property portfolio, the table below reveals the blended running yield. It includes the purchase price of the properties, all the costs of acquisition and all the running costs set out in the Appendix on page 34.

Investment	£7,170,170
Support for Mortgage Interest	121,206
Local Housing Allowance	453,872
Lender's Admin Charge	(50,085)
Property Agent's Charge	(68,081)
Repairs and Maintenance	(166,950)
Net Annual Income	£289,962
Running Yield	4.02%

To maximise the net yield, the following table reveals the benefit of purchasing at 'below market value'.

Purchase Price	Running Yield
At 95% below market value	4.17%
At 90% below market value	4.33%
At 85% below market value	4.51%

Notes

Under the Support for Mortgage Interest regulations, the Department of Work and Pensions must not make excessive mortgage interest payments in respect of properties that are unnecessarily expensive. Having thoroughly researched the market across a range of locations, there are many good quality homes suitable for learning disabled people, in nice locations, with excellent opportunities for capital appreciation, at or below the 25th percentile. For this reason, the net yield figures in the earlier tables are likely to be reasonable and achievable.

From March 2011, if a learning disabled person needs overnight care and that care isn't provided by a member of his household, he can claim the two bed Local Housing Allowance rate. This flexibility opens up the opportunity to purchase a two bed property which could increase the net yield for the investor.

Appendix - Services from Shared Ownership Homes

1. Before completion

This is a mandatory service.

Mission

To help a learning disabled person through all the stages required to become a shared owner of a property.

Service

Here is a summary of the main services provided by Shared Ownership Homes.

- Identifying the learning disabled person.
- Confirming eligibility of the learning disabled person to receive welfare benefits by checking with the Department of Work and Pensions and the Local Authority.
- Ensuring that the learning disabled person will receive an appropriate care and support package.
- Liaising with the learning disabled person's family and friends.
- Advising on mental capacity issues, where necessary and if required, liaising with the Court of Protection to appoint a suitable Deputy.

- Liaison with the Specialist Property Agent as appropriate to source a property suitable for the learning disabled person.
- Liaison with the Care Manager to establish either that the Investor's chosen property is acceptable for the learning disabled person, or in the case of the Property Finding Service, that the shortlist of properties are acceptable to the learning disabled person.
- Introducing a conveyancing solicitor suitably conversant with Buy To Help to carry out the purchase for the learning disabled person's share of the property.
- Liaising with the mortgage adviser regarding the completion of the mortgage application.
- Chasing the mortgage adviser to ensure the learning disabled person's mortgage offer is issued in a timely manner.
- Communicating with the mortgage adviser, the conveyancing solicitor and the Investor's solicitor to agree a mutually convenient completion date.
- Informing the Care Manager of the proposed completion date to prepare the learning disabled person for the move.
- Ensuring that the relevant welfare benefit applications are made.

Fee

The fee for the above services is £1,500. 50% of the fee is payable at the beginning of the process, with 50% payable on completion of the purchase.

2. After completion

This is a mandatory service.

Mission

To provide a monitoring service to the investor and the learning disabled person.

Service

Here is a summary of the main services provided by Shared Ownership Homes.

- On-going monitoring of the learning disabled person's eligibility to receive benefits.
- Monitoring the adherence of the investor and the learning disabled person with the terms of the property leasehold agreement and where necessary, liaising with the learning disabled person's Care Manager.
- Keeping the investor informed whenever there is a relevant change in legislation or policy to ensure the Investor has the best opportunity to maximise his return.

Fee

The fee is 7.5% of the Local Housing Allowance (or the equivalent State benefit) received from the Local Authority. As Local Housing Allowance is collected by the Specialist Property Agent, to save the investor having to make a monthly payment to Shared Ownership Homes, the above fee will be deducted by the Specialist Property Agent from the welfare benefits it receives, which will be remitted to Shared Ownership Homes.

Appendix - Services from the Specialist Property Agent

1. Property finding service

This is an optional service.

Mission

To secure a quality property at 'below market value' in an advantageous location for a learning disabled person that has the best chance of achieving reasonable capital growth for the investor.

Service

Here is a summary of how the Property Finding Service works.

- On receipt of the investor's questionnaire, compiling a shortlist from the market comprising three good quality properties suitable for a learning disabled person in the investor's chosen area and within the investor's budget.
- On acceptance of the shortlist, liaison with the learning disabled person's Care Manager via Shared Ownership Homes to ensure the properties are acceptable to the learning disabled person.
- Pre-contract negotiation with the Vendors to secure the best possible price for each of the properties.

- Liaising with the investor to confirm the most appropriate property and its purchase price.
- Completing the negotiation with the vendor and agreeing the purchase price.
- Confirming full details the property and its price to Shared Ownership Homes.

Fee

The fee is 1.5% of the purchase price. 50% of the fee is payable at the beginning of the process, with 50% payable on completion of the purchase.

2. Mortgage advisory service

This is an optional service, subject to the note below.

Note

To meet its regulatory obligations, the mortgage lender requires the learning disabled person to have received advice from a qualified and licenced mortgage adviser, who will explain the transaction and organise the completion of the relevant application pack. If the learning disabled person or his family wishes to use a mortgage adviser of his choice, the mortgage lender will require the chosen mortgage adviser submit a request for approval, in which the mortgage adviser will be required to demonstrate specific historical experience in providing mortgage advice to learning disabled people.

Mission

To provide mortgage advice to the learning disabled person specifically for the purchase of a share of a property under Buy To Help, and to oversee the completion of the application pack with the intention of securing a mortgage offer to cover the full purchase of the learning disabled person's share of a property.

Service

Here is a summary of how the Mortgage Advisory Service works.

- Once the purchase property has been agreed, sending the learning disabled person an easy to understand explanation of the mortgage process, the roles and responsibilities of becoming a mortgagee and an application pack.

- Discussing by phone all aspects of the mortgage, including the completion of the application pack, with the learning disabled person, the Care Manager, his solicitor and any relevant family or friends.
- Home visits are available on a time-charged basis.
- On receipt of the application pack, checking it for accuracy and completeness.
- Once complete, preparing and forwarding the application pack to the mortgage lender.
- Liaising with the mortgage lender until an offer is produced which will be checked for accuracy.

Fee

The fee is £500. 50% of the fee is payable at the beginning of the process, with 50% payable on completion of the purchase.

3. Welfare benefits collection service

This is a mandatory service.

Mission

To provide an on-going service to the investor to ensure continuation of the income stream from Local Housing Allowance (or the equivalent State benefit) generated from the investor's share of the property, rented by the learning disabled person, and to provide access to relevant property services as required by the investor.

Service

Here is a summary of how the Welfare Benefits Collection Service works.

- Collection of the learning disabled person's Local Housing Allowance (or the equivalent State benefit) from the Local Authority in respect of the investor's share of the property.
- Deduction of the Shared Ownership Homes' post-completion services fee and remittance of the fee to Shared Ownership Homes.
- Remittance of the welfare benefits to the investor after deduction of the fee detailed below.
- Providing or facilitating a range of individually chargeable property related services which may include the following: property valuation; comparison of repairs and maintenance services; refurbishment and improvements.

- Providing or facilitating individually chargeable services related to realising the investment: early encashment of the investment whilst the learning disabled person is still in residence at the property; property disposal when the learning disabled person permanently vacates the property.

Fee

The fee is 7.5% of the Local Housing Allowance (or the equivalent State benefit) received from the Local Authority.

Appendix - Summary of Costs

Service	Type	Cost
Property Finding Service by the Specialist Property Agent	Optional	1.5% of property value
Advice to the Disabled Person by Shared Ownership Homes	Mandatory	£1,500
Investor's conveyancing costs using a conveyancer of their choice	Investor's Contact	Fee separately agreed
Disabled Person's conveyancing costs using a recommended solicitor	Optional*	£1,200
Independent mortgage advice	Optional*	£500
Mortgage application and valuation fee	Mandatory	£500
Mortgage lender's funding charge	Mandatory	1.5% of mortgage balance
Post-completion services from Shared Ownership Homes	Mandatory	7.5% of LHA
Post-completion services from the Specialist Property Agent	Mandatory	7.5% of LHA
Repairs and maintenance service directly authorised by the Investor	N/A	Approx 2.5% of property value

* If the learning disabled person wishes to appoint his own advisers, the mortgage lender needs to be satisfied the conveyancer and the mortgage adviser have previous experience in dealing with learning disabled people.

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