

# WIRRAL COUNCIL

## CABINET

26<sup>TH</sup> SEPTEMBER 2012

<b>SUBJECT:</b>	<b>IMPLEMENTATION OF LOCAL AUTHORITY MORTGAGE SCHEME IN WIRRAL</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b><i>DIRECTOR OF HOUSING, PLANNING AND REGENERATION</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR GEORGE DAVIES</b>
<b>KEY DECISION?</b>	NO

### 1.0 EXECUTIVE SUMMARY

1.1 This report provides Members with an update on the current situation regarding housing market support, the availability of mortgages and analyses how these issues are affecting Wirral. It also sets out an overview of the Local Authority Mortgage Scheme and how this could be implemented in Wirral.

### 2.0 BACKGROUND AND KEY ISSUES

2.1 The turmoil in the financial and banking sectors has had a negative effect on the economy and on local housing markets. There have been constraints in the mortgage market for some time especially for First Time buyers. Many mortgage lenders will now not lend to First Time Buyers unless they have a significant deposit to place against the value of the property they wish to buy. Many banks and building societies have reduced the loan to value mortgages available from 95% to between 75-80%. Essentially this is a return to previous practice, that was the standard before banking de-regulation.

2.2 In Wirral the median house price for the Borough in Q1 2012 was £132,500, which is lower than the national average of £161,049 but has remained relatively stable when compared to the Borough's average price for the same period in 2011 when the median house price for Q1 was £135,000. This means for a First Time Buyer who is looking to purchase on average they would have to potentially have access to a deposit of £33,125. For those properties within the inner area of the Borough the median house price for Q1 2012 is lower at £70,000 meaning on average a deposit of £17,500 would potentially be required. These costs before consideration of stamp duty land tax, legal and other costs associated with purchasing a home is preventing most first time buyers from entering the property though legal costs are more competitive than they were and on these figures Stamp duty land tax is not payable .

2.3 This issue is affecting the Council's ambitions of substantial and sustainable growth in terms of housing and the economy as well as meeting the local needs and aspirations of people living in the Wirral area, stabilising local populations and attracting people to live and work in Wirral.

### **3.0 CURRENT PROGRAMMES TO SUPPORT HOME OWNERSHIP IN WIRRAL**

3.1 Despite the context of market stagnation and lack of mortgage liquidity, home ownership is still seen as the aspiration for many households. The housing market is cyclical and while falling house prices can mean that home ownership becomes a realistic financial option for many, there may still be need for public intervention and support, particularly for first time buyers, to make this happen.

3.2 Where it is an affordable and a sensible option, the Council and its partners have an important strategic role to play in sustaining and promoting home ownership. Below are the current products being offered in Wirral and also those that could be available in the future:-

#### **(a) Shared Equity/Loan Products**

3.3 As a stepping stone to full owner occupation, shared ownership and shared equity schemes have proved to be popular in Wirral for a number of years. Shared ownership has traditionally been provided by Registered Providers of Social Housing (RPs) and the Government's new Affordable Rent model to replace social housing should allow flexibility for increased shared ownership to be achieved at the end of fixed term tenancies. From the submissions made to the Homes and Communities Agency there is the potential up to March 2015 to see the development of possibly up to 679 new homes across Wirral using the Affordable Rent model. However there are limited options from RPs within the current programme where shared ownership is being offered as a product at first letting and where this does exist it is for people aged over 55 and not aimed at first time buyers entering the market.

3.4 Shared equity is a product usually provided by a private developer. Lovell has been offering shared equity on its developments in Tranmere and Rock Ferry since 2009 using its own resources or with money received from the Homes and Communities Agency under the previous government's Kickstart/Homebuy Direct programmes. Since April 2010 there have been 25 Lovell Shared Equity completions at Sevenoaks in Rock Ferry and 20 Lovell Shared Equity completions since April 2011 at Fountain Court in Tranmere. Shared equity sales on Lovell's sites in Wirral's former HMRI areas are outnumbering outright purchases and are a popular option in the current housing market. Elsewhere in Wirral, other developers have seen success in selling properties under the Kickstart/Homebuy Direct programmes and/or Shared Equity where there have been since April 2009 a total of 68 completions over four developments.

3.5 On 23 March 2011 the Chancellor of the Exchequer announced in the Budget the Government's intentions to make available £400 million to support first time buyers to purchase a new-build property under the First Buy initiative designed to replace previous shared ownership and shared equity schemes. The First Buy programme hopes to assist over 10,500 households with an equity loan of up to 20% jointly funded with house-builders to help reduce the deposit purchasers need to provide from their own resources. Keepmoat, Redrow, Rowland Homes, Taylor Wimpey, BDW Trading Limited and Bovis Homes have all been successful in securing First Buy funds for their developments in Wirral. Through these successful bids, the house builders could be able to provide approximately 246 First Buy units in Wirral and to date there have been 50 First Buy completions.

3.6 Whilst shared equity and loan products are offering an increasing choice available to local people sustaining these types of initiatives requires subsidy either from the developer, Council or government.

#### **(b) The New Government Indemnity Scheme (New Buy)**

3.7 In December 2011 the Government launched 'Laying the Foundations': A Housing Strategy for England' which set out the Coalition Governments ambitious aims to help drive local economies and create jobs and unblock the market and provide opportunity in our society to stop people being locked out of home ownership.

3.8 Within the Strategy the Government spells out the problems with the current housing market including:-

- Buyers can't buy - with the average age of an unassisted first time buyer continuing to rise and families are struggling to trade up;
- Lenders are not lending enough – with high deposit requirements excluding young people and families from home ownership
- Builders are not building – without consumers ready or able to buy

3.9 To respond to this the Government has set out its support for a new and innovative New Build Indemnity Scheme led by the Home Builders Federation and the Council of Mortgage Lenders to provide up to 95% loan to value mortgages for new build properties in England backed by indemnities from both the Government and interested house builders. This scheme is similar to the Local Authority Mortgage Scheme and it is hoped the interest rates offered at the 95% LTV will be more on a par with those of 75% LTV mortgages due to the indemnity guarantee offered which mitigates the lending risk. However, the Government's new scheme is limited to the purchase of New Build properties only.

3.10 It is intended the scale of the new New Build Indemnity Scheme will be market led building up in line with those properties that house builders wish to put forward to participate in the scheme. There are a number of Developers in the Wirral area who have signed up to the scheme and can offer New Buy as an option on their development sites. The interest rate that is offered through the New Buy programme is dependent upon who the developer has signed up with. Therefore interest rates can vary and be anything up to 6.99% which is higher than other mortgage products available.

#### **4.0 LOCAL AUTHORITY MORTGAGE SCHEME FOR FIRST TIME BUYERS**

4.1 Launched in March 2011, this scheme has been developed by a number of local authorities with Sector financial consultancy. 11 local authorities sponsored the pilot Scheme with Lloyds TSB Bank. This has now been extended and 73 local authorities have signed up, 26 local authority schemes have launched and a further 200 have expressed an interest in joining. The Scheme is currently supported by seven mortgage lenders: two national lenders (Lloyds Banking Group and Leeds Building Society) and five smaller lenders: Furness BS, Kent Reliance BS, Leek United BS, Marsden BS and Teachers BS. More lenders are joining shortly. The scheme is aimed at first time buyers, providing help for potential buyers who can afford mortgage payments - but not a large initial deposit - to get on the property ladder. Under the scheme, each Local Authority would be able to specify three qualifying criteria: the

maximum level of indemnity, the maximum level loan size (based on 95% of the maximum property valuation (undertaken by the lender) and the qualifying postcodes. The local authority does not however specify or control other lending terms such as the repayment period the potential buyer asks for, the type of loan (repayment only / interest only), any period for which interest rates might be fixed. The assessment of affordability of the loan is carried out by the lender based on information the borrower supplies and against the lender's normal strict lending criteria, not on any assessment carried out by the Council.

- 4.2 For potential buyers who meet the criteria applied by the lender and meet the criteria set out by the Local Authority to qualify for a mortgage under the scheme, the Local Authority will provide a 'top-up indemnity' to guarantee the value of the difference between the typical 75% and a 95% loan-to-value (LTV) mortgage. The buyer would, thereby, obtain a 95% LTV mortgage without the need to provide the substantial 15%-20% deposit usually required.
- 4.3 It is anticipated that the Local Authority will set a maximum limit for indemnities offered. The indemnity could either be unfunded or 'cash backed', depending on the requirements of the lender and the local authority. Based on lessons from other local authorities all but two of the local authorities who have launched to date have chosen the cash backed option and there are two lenders who provide this option. Two local authorities have launched with a non cash backed scheme where there are currently five lenders who provide this option.

4.4 The main differences between the two options are:-

<b>CASH BACKED INDEMNITY SCHEME</b>	<b>NON CASH BACKED (UNFUNDED) INDEMNITY SCHEME</b>
<ul style="list-style-type: none"> <li>• LA required to place a five year deposit with a lender, to the full value of the indemnity being offered e.g. £2 million.</li> <li>• Deposit must remain in place for the term of the indemnity which is five years, with the possibility of a further two year extension, if a mortgage is in arrears at the end of the five year period or there is an early repayment of a mortgage.</li> <li>• The investment will return a favourable five year commercial deposit rate (currently 2.8% including a premium of 0.7 basis points above the commercial rate).</li> <li>• The maximum amount a LA can place with either Lloyds or Leeds Building Society is £2 million. The minimum which can be placed with Lloyds is £1 million and with Leeds £0.5m.</li> </ul>	<ul style="list-style-type: none"> <li>• LA receives a fixed amount premium per mortgage completed. This is usually in the region of £500 per mortgage, so if LA supports 50 mortgages this will equate to £25,000. This amount needs to be set aside to meet future liabilities.</li> <li>• This scheme carries a higher risk of the LA incurring costs depending on the number of defaults on mortgages.</li> <li>• The indemnity amount needs to be underwritten using indemnity resources.</li> <li>• The maximum amount a LA can make available for mortgages depends on if the LA is targeting new build or existing stock.</li> <li>• Provided by Marsden, Teachers, Leek United, Furness and Kent Reliance</li> </ul>

<ul style="list-style-type: none"> <li>• The maximum amount a LA can place with the five smaller building societies is £1million. The minimum is £0.5m.</li> <li>• Lloyds won't lend on new-build properties</li> <li>• This form of indemnity can be compared with other forms of transactions by the Treasury Management Team, as the investment carries a risk which there will be a return on.</li> </ul>	<p>Building Societies.</p> <ul style="list-style-type: none"> <li>• For each lender other than Teachers, the maximum amount is £2m and the minimum is £0.5m. Teachers provide 3-4 mortgages per LA.</li> <li>• All lend on new-build and existing properties.</li> <li>• The indemnity amount will remain in place for five years unless a) if a mortgage is in arrears at the end of the five year period there is the possibility of a further two year extension in relation to that particular mortgage or b) there is an early repayment of a mortgage in which case the indemnity ceases at that point.</li> </ul>
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4.5 Regardless of which option operated the Council would need to identify a resource to support the development of a Local Authority Mortgage Scheme in Wirral.

## 5.0 RELEVANT RISKS

5.1 An analysis of risks have been identified and fall into three categories, financial, operational and reputational risks:-

5.2 The financial risks relate to the funding and potential defaults; if the Council were to proceed with a cash backed indemnity scheme the Council provides the initial funds which are placed with the financial institution for five years to be used for indemnities. Whilst the interest rate paid by the lender is high, if categorised as being an investment it would not currently comply with the authority's Treasury Management Policies. The Council's current policies forbid any bank deposit of more than 6 months and only one building society meets Wirral's lending criteria for lending with deposits limited to a maximum of one hundred days. Therefore any amount lodged for five years and deemed to be a Treasury Management transaction would breach the Council's current policies.

5.3 Our Treasury Management Advisors have recently been advised by the Audit Commission that the deposit, placed as collateral for the Local Authority Mortgage Scheme, should be accounted for as a revenue transaction and not capital. Sector has provided a view that the Scheme if offered in Wirral using the cash backed option would be classed as capital expenditure and would not be classified as part of the council's Investment portfolio. Funding for a cash backed scheme would require securing from revenue sources or be treated as part of the treasury Management investment portfolio. Given the authority's budget position additional revenue funding will be difficult to identify, whilst placing a long term deposit with any bank or building society would breach the authority's current Treasury Management policies.

- 5.4 Any cashed backed scheme would also entail an institutional risk. This risk relates to a bank/building society with Wirral's money deposited in defaulting. If the banking crisis further deteriorates an institutional failure could mean that depositors would not receive the full value of any deposit back. A non-cashed backed scheme would avoid or mitigate this risk as the authority would have greater control over the placement of and removal of its funds.
- 5.5 Any individual default in a scheme mortgage that results in a loss to the lender (after the applicants deposit is called upon first) will see the Council receiving a request for payment from the lender to meet the initial loss. The Council as guarantor is the first to be exposed to any fall in property prices with the lender taking little risk as they will only incur any loss in excess of the value of the indemnity covered i.e. based on a scheme with a maximum loan value of £100k – 5% deposit paid by FTB, original mortgage £95k, property is sold for £70k, Local Authority indemnity cover £20k = loss to lender of £5k. The Scheme mitigates, but does not remove the risk to the Council, as it is essential applicants meet the standard lending criteria as set out by the lender, and that the higher LTV mortgage is affordable. Whilst the overall financial outlook remains of growth the pace is subject to differing views. Increasing unemployment and a recognition that interest rates will rise puts pressures on mortgage repayments whilst house prices continue to fluctuate.
- 5.6 Given the clear advice that we have received from our Treasury Management Advisors as set out above it appears to be more prudent to operate a non cash backed scheme. This would mean that a level of investment would need to be identified to cover any defaults that may occur. There have been no defaults to date with other local authorities offering the Mortgage Scheme. Therefore there is no benchmark to follow in setting a default position. The Council for Mortgage Lenders have estimated that average mortgage defaults in 2011 were 0.32%. Given that the nature of loan advanced may involve higher risk other local authorities have established indemnity amounts of up to 2% to cover potential defaults. The income generated through the non cash backed option fee of £500 issued for each mortgage application approved by the lender if placed in a reserve would equate to a fund of 1.9%. Any additional increase in the default coverage would require the identification of funding from revenue or other sources.
- 5.7 Under both cash backed and non cashed backed schemes it should be made clear that the authority is committing itself to provide a financial guarantee of up to the level requested within this report. The worse case scenario is that all of the guarantee of up to £2 million is called requiring the authority to find the funding for this amount. In a best case scenario no loss would be made and the authority would gain income either from fee income or higher returns on invested deposit amounts.
- 5.8 In terms of operational risk, the impact on staffing is considered minimal as the Scheme is administered by the financial institution. The Council is required to be involved in the setting up of the scheme, establishing and reviewing the three qualifying criteria (see 4.1 above) for issuing mortgages along with corresponding if there are any mortgage defaults. A Project Manager who can take the lead in communicating with Sector and with lenders for monitoring purposes needs to be nominated. The Council would if it decided to go with the option of a cash backed scheme be also required to nominate a Monitoring Officer who will be given delegated

authority by the Council to sign the legal paperwork and issue an opinion letter to the lender on behalf of the Council for the indemnity. The role of the Project Manager is intended to have a minimal input and is more for co-ordinating and monitoring the numbers of applicants, defaults and location of applicants.

- 5.9 A strategic and reputational risk is around a) the use of public money but the Scheme is in line with the Council priorities on supporting investment and improving the economy and b) buyer default. Any defaults occurring on mortgages could lead to repossession and possible adverse publicity. However it is anticipated this would be mitigated based on the strict lending criteria and qualifying criteria established.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 Reports to Cabinet on 26 November 2009 and 4 November 2010 have previously considered the options available to the Council to assist Wirral residents in the mortgage market including:-

- Internally run provision.
- Arrangements for third party provision of administration including mortgage application administration, vetting and collection.
- Partnership with lending institutions such as banks or building societies, perhaps either offering joint funding or guarantees.

- 6.2 Limited financial resources, limitations imposed by the Housing Act 1985 on lending on property acquisition, no council staff trained as investment mortgage or insurance advisors, requirement to be registered with the Financial Standards Authority, combined with the remit of minimising the financial impact and operational risk on the Local Authority in entering the residential mortgage market, led to the view that a Partnership Arrangement, as was being developed with Sector and the Treasury was worthy of further consideration.

## **7.0 CONSULTATION**

- 7.1 There has been consultation with the Council's lead developers and other local authorities in preparing this report. With regards to the Local Authority Mortgage Scheme there have been discussions across Departments on the operations and implications of such a scheme and consultation with Sector. Consultation has been undertaken with Arlingclose, Treasury Management Advisors and the outcome of this consultation has been set out for Members' consideration within this report.
- 7.2 This consultation and discussion between Departments and external organisations such as Sector, Lenders and private developers will be continuous in the implementation of a Local Authority Mortgage Scheme in Wirral.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 There are none arising out of this report.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 9.1 The financial risks relate to the funding and potential defaults. Under the cash backed scheme, the Council provides the initial funds which are invested with the financial

institution to be used for indemnities. There is some uncertainty as to whether the financing of a mortgage indemnity could be classified as capital expenditure and whether a capital bid would be possible. Otherwise the deposit would require funding from revenue resources or reserves. Although the interest rate paid by the lender is high, there are concerns the investment does not comply with the authority's Treasury Management Policy.

- 9.2 For the non cash backed scheme the council has to indemnify the lender to the same value as what would be placed with them through a cash backed scheme. The difference is that finances would only be called upon if any defaults occur. No interest is therefore paid to the Council by the lender but a fee of £500 is paid for every mortgage approved. This fee can be offset against any demands to meet defaults.
- 9.3 With both schemes any default in the mortgage that results in a loss to the lender will see the Council receiving a request for payment from the lender to meet the initial loss. The Council as guarantor is the first to be exposed to any fall in property prices with the lender taking little risk as they will only incur any loss in excess of the value of the indemnity covered e.g. original mortgage £95k, property is sold for £70k, Local Authority indemnity cover £20k = loss to lender of £5k. The Scheme mitigates, but does not remove the risk to the Council. Although applicants meet the standard lending criteria as set out by the lender, the Council does not control those criteria nor does it assess whether the higher LTV mortgage is affordable nor the affordability criteria. Whilst the overall financial outlook remains of growth the pace is subject to differing views. Increasing unemployment and a recognition that interest rates will rise puts pressures on mortgage repayments whilst house prices continue to fluctuate.
- 9.4 For members consideration, set out below are some examples of the number of people who could be assisted through a Non Cash Backed Mortgage Scheme being offered in Wirral, the level of investment required by the Council to operate a scheme based on a 1.9% default across rate three levels of indemnity being available and a ceiling on the value of loan that the scheme support (based on the Borough average house price of £132,500) for Q1 2012.

<b>Total Local Authority Indemnity</b>	£500,000	£1,000,000	£2,000,000
<b>Assumed Max Loan Size (based on current median house price)</b>	£132,500	£132,500	£132,500
<b>5% deposit required from FTB</b>	£6,625	£6,625	£6,625
<b>95% Mortgage</b>	£125,875	£125,875	£125,875
<b>Local Authority Indemnity (20%)</b>	£26,500	£26,500	£26,500
<b>Potential Number of mortgages/households assisted</b>	based on above assumptions = 19	based on above assumptions = 38	based on above assumptions = 75

<b>1.9% Default Budget</b>	£9,500	£19,000	£38,000
<b>Potential Income from mortgages processed</b>	£9,500	£19,000	£38,000

- 9.5 In terms of operational risk the impact on staffing is minimal as the Scheme is administered by the financial institution. The Council is required to be involved in the setting up of the scheme and up to three qualifying criteria for issuing mortgages along with resolving issues if there are any mortgage defaults.
- 9.6 A strategic and reputational risk is around the use of public money but the Scheme is in line with the Council priorities on supporting investment and improving the economy. Any defaults occurring on mortgages could lead to re-possession and possible adverse publicity, however it is anticipated this would be mitigated based on the strict lending criteria and qualifying criteria established.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 The Housing Act 1985 (as amended) provides the statutory framework for Councils to operate a Local Authority Mortgage Scheme. The Act allows Local Authorities to 'advance money to a person for the purposes of acquiring a house/ (section 435 of the act). Section 442 of the Act allows a local authority to grant an indemnity to a lender to enable the lender to give the potential buyer a mortgage.
- 10.2 If the Council is to pursue the option of operating a Local Authority Mortgage Scheme, the Council will need to develop a local policy for scheme eligibility. Attached as Appendix A to this report is a proposed policy for consideration and approval by Cabinet. It is proposed if any changes need to be carried out as part of any review or changes to local need then this would be delegated to the portfolio holder for housing and the Director of Regeneration, Housing and Planning as is the case for changes to the current financial assistance policy for the Council.
- 10.3 The question of whether or not the scheme constitutes State Aid in breach of EU rules has been considered. Legal Services do not regard the scheme as contravening rules on State Aid.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and impact review can be found on:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/regeneration>

The link above is where the existing Housing Strategy Equality Impact Assessment appears on the Council's website.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 Introducing financial assistance to support home ownership in relation to new build properties will provide a boost to the local housing market and support the building and sale of homes meeting current Building Regulations. In the case of new build on former Housing Market Renewal sites, properties will meet level 3 of the Code for Sustainable Homes.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising out of this report

## **14.0 RECOMMENDATION/S**

- 14.1 That Members note the contribution of the range of programmes/packages to assist home buyers including first time buyers, the Affordable Homes Programme Framework to support home ownership in Wirral.
- 14.2 That Members support the move forward with the implementation of a Local Authority Mortgage Scheme in Wirral on the basis of a non cash backed indemnity following advice from Wirral's Treasury Management Advisors.
- 14.3 That Members approve an initial scheme to provide financial guarantees up to the value of £2m and funding of up to £38,000 is earmarked from the fee income to cover any estimated potential defaults which may occur.
- 14.4 Members give delegated authority to the Acting Monitoring Officer to enter into any appropriate deeds with a lender or lenders on behalf of the Council for the purposes of implementing a Local Authority Mortgage Scheme and indemnify him personally in respect of such letters of opinion and other legal documents as he might be required to provide to participating lenders.
- 14.5 Members approve the eligibility criteria set out in appendix A of this report as the basis of supporting the wider objectives of increasing availability of affordable homes to first time buyers and supporting home ownership.
- 14.6 Members give delegated authority to the Cabinet Portfolio Holder for Housing and the Director of Regeneration, Housing and Planning for any amendments to be undertaken to the policy as necessary due to changing circumstances i.e. average house prices, changes to lenders criteria.

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## **APPENDICES**

APPENDIX A - LOCAL ELIGIBILITY CRITERIA FOR THE LOCAL AUTHORITY MORTGAGE SCHEME

## **REFERENCE MATERIAL**

LAMS - Local Authority Mortgage Scheme: Sector. This reference material can be obtained through contacting the report author.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Economy and Regeneration Overview and Scrutiny Committee - Affordability and Mortgages Including First Time Buyers	8 March 2012
Cabinet – Extension of Mortgage Guarantee Scheme	4 November 2010
Cabinet – Extension of Mortgage Guarantee Scheme	26 November 2009

## **Appendix A**

### **LOCAL ELIGIBILITY CRITERIA FOR THE LOCAL AUTHORITY MORTGAGE SCHEME**

In order to participate in the scheme, the Council has to adopt a local criteria for scheme eligibility. This should then be incorporated into the Councils policy framework, supporting the Council's vision for housing and economic growth in Wirral.

Proposed eligibility policy criteria include:

- The scheme will be available for existing properties in all locations within the local authority boundary. Postcodes will be supplied to the lender in a schedule which forms part of the Indemnity Deed.
- There will be a ceiling on the value of loan that the scheme will support. This will be the Borough average of £132,500.
- The property should be occupied by the mortgage applicant as their main home. The Scheme will not support buy to let arrangements.
- The scheme will support all property types, including new builds, where the lender's policy enables this;
- The Council will receive monthly monitoring reports, and will keep the scheme under review, including incorporating any updates following updates to the Housing Strategy
- Applicants will liaise directly with the lenders on all matters relating to the mortgage application, and subsequent mortgage issues
- The Council will not levy additional fees on applicants
- Applicants will need to seek independent financial advice to assess whether the scheme is suitable, and meets their financial needs

All aspects of the policy will be kept under review