

Shared Ownership Requirements (Northern Ireland) For Purchases and Re-mortgages

1. General

- 1.1 We understand that the Borrower wishes to acquire a share of a property under an equity sharing lease. You are instructed to follow these additional instructions in addition to the general Instructions to Solicitors already provided.
- 1.2 The Borrower must be acquiring a percentage of the market value of the property and will be paying a rent to the landlord in respect of the further interest in the property held by the landlord. The lease should provide for the Borrower to acquire further interests in the property up to 100% of its total value. This is known as staircasing. The Borrower must not hold his share upon trust with the landlord. The lease must be granted to the Borrower alone.
- 1.3 The initial share to be purchased by the Borrower must be at least 25% based on the market value of the whole property.
- 1.4 The lease to the Borrower must be for a minimum of 99 years, and quantify the extent of the interest in the property retained by the landlord by reference to a percentage (the "relevant percentage").
- 1.5 You must advise Us of the identity of the landlord and seek authority to proceed.

2. Staircasing

- 2.1 If the lease does not enable the Borrower to acquire a full 100% of the value of the property then You should revert to Us for further instructions. There should be no time limits in the lease with regard to staircasing.

3. Definition of Market Value

- 3.1 For Staircasing Purposes
If the Borrower acquires further shares in the property the price of such shares will be determined by the open market value of the property at the time of the acquisition of such further shares. The open market value is to be assessed on the presumption:-
 - 3.1.1 That any improvements were made by the tenant and their value is disregarded.
 - 3.1.2 That vacant possession of the property is available.
 - 3.1.3 That the equity sharing lease had not been granted.
- 3.2 In the Event of a Dispute
The lease should provide for a valuation by an independent expert in the event of any disagreement between the landlord and the tenant. The independent expert should be one agreed by the landlord and the tenant or one appointed by the Chairman for the time being of the Royal Institution of Chartered Surveyors in Northern Ireland.

4. Disposal of the Property

- 4.1 Prior to the completion of the mortgage You must secure a binding agreement between the landlord and Us which provides that in the event of the sale of the property by Us as mortgagee in possession and there being insufficient proceeds of sale to pay to the landlord the landlord's relevant percentage after the discharge of Our debt, We are entitled to receive:-
 - 4.1.1 The total principal debt plus interest due thereon under the terms of the mortgage not exceeding 18 months unpaid interest (excluding capitalised interest).
 - 4.1.2 Further advances made by Us to the Borrower and unpaid interest thereon if such further advance or advances was made with the written approval of the landlord or was made to the Borrower to acquire further portions of the market value of the property.
 - 4.1.3 Payment of rent paid by Us and any monies outstanding in respect of premiums paid by Us either by way of loan or otherwise on behalf of the Borrower under a mortgagee protection policy, life policy or buildings insurance policy.
 - 4.1.4 Reasonable legal charges in recovering sums due under the mortgage and in connection with the sale of the property.
 - 4.1.5 Reasonable agents commission (payable to a third party) on the sale of the property.
 - 4.1.6 Reasonable costs and expenses (paid to a third party) in connection with the protection of the property.

5. Forfeiture by the Landlord

In the event that the lease permits forfeiture by the landlord You must ensure the landlord is obliged to serve a minimum of 28 days notice in writing on Us before re-entry or proceedings for forfeiture are taken.