




are you in danger of losing your home?

Communities Scotland Mortgage to Rent Scheme



help is at hand...



We want to make it as easy as possible for you to get information about Mortgage to Rent. You can ask for this document in large print, Braille or on audio cassette, and we can also provide translations into other languages.



what is the Mortgage to Rent Scheme?

The Mortgage to Rent Scheme may be able to help you if you are an owner occupier in mortgage difficulties and you are in danger of having your home repossessed. We can arrange for a social landlord such as a housing association or local authority to buy your home and for you to continue to live there as a tenant. Funding will be made available to the landlord so that any necessary repairs can be made to the property and you can be charged a social rent.

This information leaflet gives you information about who is eligible for the scheme and what the scheme might mean for you.



how do I know if it's for me?

Mortgage to Rent will not be the best option for everyone. To find out if it is right for your situation you should seek advice.

You must get advice before you can apply.

You can get advice from:

- **Citizens Advice Scotland**
Citizens Advice Scotland will give you the nearest contact name and telephone number of a Citizens Advice Bureau in your area. All bureaux provide free, confidential and independent advice.
t 0845 4500 351
w www.cas.org.uk
- **Citizens Advice Bureaux (CAB)**
w www.nacab.org.uk
- **Money Advice Scotland**
Money Advice Scotland will give you the nearest contact name and telephone number of a Money Advice outlet.
t 0141 572 0237
w www.moneyadvicescotland.org.uk
- **Consumer Credit Counselling Service (CCCS)**
CCCS offers a structured programme on how to manage your money and can offer a structured repayment plan to creditors.
t 0800 138 1111 (freephone)
w www.cccs.co.uk

- **Shelter Housing Aid Centres**
Shelter provides advice on all housing issues and can give this over the phone or face to face. The three centres are:
Dundee 0844 515 2528
Edinburgh 0844 515 2400
Glasgow 0844 893 5560
w scotland.shelter.org.uk
- **Shelterline**
A free 24-hour telephone helpline for people with any kind of housing problem.
t 0808 800 4444 (freephone)
w www.shelter.org.uk
- **Legal Services Agency**
One of Scotland's largest law centres, with expertise in dealing with housing problems.
t 0141 353 3354
w www.lsa.org.uk
- **Your local authority**
You can find the telephone number for your local authority in the phone book. Their homelessness team, welfare rights team, housing advice team or equivalent may be able to help you.

These sources will be able to tell you what your options are and discuss them with you. It may not be necessary for you to sell your home in order to continue living there. For example, if you are in mortgage difficulties because of other debts, it may be possible for those other debts to be restructured and for you to get back on track with your mortgage payments.



can I apply to the Mortgage to Rent Scheme?

You can apply for Mortgage to Rent if you can answer **yes to all** of the following questions:

- 1:** Have you obtained advice about your financial situation?
- 2:** Is your home in danger of being repossessed? That is, have you been notified by your lender (or trustee if one or more owners have been sequestrated) that legal action has commenced or has your lender agreed to delay or withdraw legal action to allow your application to Mortgage to Rent to take place?
- 3:** Do all of the owners of the property agree to being considered for Mortgage to Rent?
- 4:** Is the property the sole or main residence of someone in the household?
- 5:** Is there a reason that your household has to remain in the local area?
- 6:** Are you unable to sell your home and buy somewhere cheaper locally?
- 7:** Is the property clear of any legal actions that would prevent it being sold?

We ask these questions for two main reasons. First, the scheme is designed to help those who need to remain in the local area but are unable to do so without assistance. Second, every case accepted by the scheme will require funding and that funding is limited. We therefore aim to help those who are in the greatest need.

You will **not normally be eligible** for help under the Mortgage to Rent Scheme if:

- 1:** You are under 60 years old and the capital (see the definition on page 8) held by you and your partner is greater than £8,000, or you are 60 or over and the capital held by you and your partner is greater than £12,000.
- 2:** You have lived in the property for less than 12 months.
- 3:** The value of the property is higher than the average property value in your local area.
- 4:** Your property needs more than £6,000 worth of repairs.

In some circumstances you may still be eligible for the Mortgage to Rent Scheme even if you fall into one of the four categories above, for example if there are more than five people in your household or if you can fund additional repairs. Speak to one of the advice agencies listed on pages 4 and 5 if you are in any doubt.

Q:

what do we mean by 'capital'?

To decide whether you are eligible for Mortgage to Rent, the definition of capital we use includes:

- savings including cash, premium bonds, stocks and shares, unit trusts, bank or building society accounts and fixed-term investments,
- the surrender value of any life assurance or endowment policies that are not linked to the mortgage, unless the reason for mortgage difficulties is ill-health, the policy holder is terminally ill and the policy is providing life cover,
- equity in any other property owned by the applicant,
- redundancy payments,
- pension lump sum payments.

We will include capital held by all prospective tenants and their partners. Where an owner will not become a tenant but will continue to live in the property, their capital and their partner's capital will be counted.

The definition does not include:

- personal possessions,
- business assets,
- tax rebates,
- personal pension schemes, retirement annuity contracts and annuity surrender values,
- any capital sum awarded for the purposes of support or care costs,
- equity in the property,
- surrender values of any life assurance or endowment policies that are linked to the mortgage.

Equity and the surrender values of any life assurance or endowment policies that are linked to the mortgage will be counted as capital when assessing the position after sale, and whether you would be required to contribute to the scheme subsidies.



how will you deal with my application to the **Mortgage to Rent Scheme**?

When we receive your application, we will:

1: Carry out an initial assessment and tell all interested parties whether the application is eligible to proceed. If the application is eligible, we will then:

Carry out a detailed assessment that includes:

- instructing a Scheme 2 survey of the property;
- 2:**
- approaching a social landlord and asking them to consider buying your property; and
 - requiring that the landlord undertakes a repairs assessment of the property.

3: If the application is still eligible, the team will then issue letters to the applicant(s), landlord and lender(s) explaining the terms and circumstances of the case. All parties must agree to the proposed terms for cases to proceed.

4: If all parties accept the terms, the sale goes ahead and the applicant continues to live in the property as a tenant. The applicant is offered a Scottish Secure Tenancy or a tenancy on equivalent terms.



frequently asked questions



Who pays for me to get advice?

Most of the agencies listed on pages 4 and 5 provide free advice. You may wish to get advice from your solicitor or from another source, but you must meet any costs that you incur.



Who receives funding under the scheme?

The landlord who buys your home will receive funding to enable them to charge you a social rent and to make any necessary repairs to the property.



How much will I be paid for my home?

The landlord will pay you the open market value for your home, adjusted to take account of any repairs that will be made to the property as a result of Mortgage to Rent, less the cost of making these repairs.



What happens to this money?

The money that you get for your home will first be used to repay all of the loans that are secured against your property. Your mortgage is an example of a secured loan. Any arrears that have been built up will also be repaid from this money.



frequently asked questions (cont.)



What if my property is not worth enough for me to repay all of my secured loans?

If you have more secured debt than the value of your property then you will still be liable to pay the balance of that debt. It will be up to you and the lender to negotiate repayment of any remaining debt. The advice agencies listed on page 3 may be able to help you with this.



What if there is money left over after all of the secured debts have been repaid?

The money left over after all secured debts have been repaid is called equity. Equity to which you are entitled, together with the surrender values of any savings or endowment policies to which you are entitled and that were linked to the property, will be added to the amount of capital that you have. If you and your partner are under 60, you can keep a maximum of £8,000. If you or your partner are over 60, you can keep a maximum of £12,000. Any capital you have in excess of these amounts must be paid to the scheme to assist with our subsidies and costs. The amount you are required to contribute may be adjusted if you have loans secured against your property that were not used for housing purposes. If there is money left after the subsidies and costs have been met in full, you will be able to keep it. We will detail exactly what this means for you before you agree to proceed with the sale.

Q: Will I be eligible for Housing Benefit?

You must make any claim for Housing Benefit to the local authority in the normal manner. There is a regulation that could exclude you from receiving benefit where you previously owned the home that you now rent unless you satisfy the authority that you could not remain there without selling it. We will contact the local authority on your behalf to minimise the risk of this regulation being applied.

Q: What does it mean to become a tenant?

As a tenant, you will sign the rental agreement, be responsible for paying the rent and for meeting other conditions to do with the upkeep of the property.

Q: Will I be able buy my house back in the future?

You will normally have the right to buy back your property after you have been a tenant for five years. However, special conditions apply in some areas and to some social landlords which would mean that you did not have the right to buy your house back.



frequently asked questions (cont.)



Will my individual circumstances be taken into account?

Our aim is to provide equal access to Mortgage to Rent for everyone. For example, households with more than five people will be allowed a higher property value to remain eligible. Disabilities and learning difficulties will be taken into account when assessing the need to stay in the property, the local area and the ability of the household to trade down.



How do I apply?

Before applying you must obtain advice about your financial situation. The advice agencies listed on pages 4 and 5 can provide this. If you wish to apply to the scheme after taking advice you can get an application form from one of these agencies, or from Communities Scotland at www.communitiesscotland.gov.uk or by emailing mortgagetorent@communitiesscotland.gsi.gov.uk.

Alternatively, you can call us on 0845 279 9999 or write to Mortgage to Rent, Communities Scotland, Highlander House 58 Waterloo Street, Glasgow, G2 7DA



refer to pages 4 and 5 for agencies that can help...

Communities Scotland Mortgage to Rent Scheme