

Are you in danger of losing your home? Help is at hand ... The Scottish Government's Mortgage To Rent Scheme

1. What is the Mortgage to Rent Scheme?

The Scottish Government's 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.

The Scottish Government can arrange for a social landlord, such as **Clyde Valley Housing Association**, 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.

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2. 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.

t 0844 893 5560

w www.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 of 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.

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3. 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 for 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 the 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?

These questions are asked 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 from the Scottish Government and that funding is limited. The aim is therefore 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 later definition) 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 earlier if you are in any doubt.

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4. What is meant by 'capital'?

To decide whether you are eligible for Mortgage to Rent, the definition of 'capital' used by the Scottish Government **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; and
- pension lump sum payments.

The Scottish Government 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 of capital **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; and
- 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 scheme subsidies.

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**5. How will the Scottish Government deal with my
application to the Mortgage to Rent Scheme?**

When the Scottish Government receives your application, it will:

1. Carry out an initial assessment and tell all interested parties whether the application is eligible to proceed. If the application is eligible, the Scottish Government will then proceed as follows.
2. Carry out a detailed assessment that includes:
 - instructing a 'Scheme 2' survey of the property;
 - approaching a social landlord, such as Clyde Valley Housing Association, asking us to consider buying your property; and
 - requiring that the landlord – Clyde Valley Housing Association – undertakes a repairs assessment of the property.
3. If the application is still eligible, the Scottish Government will then issue letters to the applicant(s), landlord (such as Clyde Valley Housing Association), lender(s) and, if applicable, trustee(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 can go ahead and the applicant can continue to live in the property as a tenant. The applicant is offered a Scottish Secure Tenancy or a tenancy on equivalent terms.

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6. Frequently asked questions

Q: Who pays for me to get advice?

Most of the agencies listed earlier can give free advice. You may wish to get advice from your solicitor or from another source, but you must meet any costs that you incur.

Q: Who receives funding under the scheme?

If we were the landlord that was buying your home, Clyde Valley Housing Association would receive funding to enable us to charge you a social rent and to make necessary repairs to the property.

Q: How much will I be paid for my home?

If we were to become your new landlord, Clyde Valley Housing Association would pay you the open market value for your home, adjusted to take account of the cost of any repairs (up to a value of £6,000) that will be made to the property as a result of Mortgage to Rent.

Q: What happens to this money?

The money that you got for your home would 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 would also be repaid from this money.

Q: 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 would still be liable to pay the balance of that debt. It would be up to you and the lender to negotiate repayment of any remaining debt. The advice agencies listed earlier may be able to help you with this.

Q: 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 value of any savings or endowment policies to which you are entitled and that are linked to the property, would 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 60 or over, you can keep a maximum of £12,000. Any capital that you have in excess of these amounts must be paid to the scheme to assist with the Scottish Government's subsidies and costs. The amount that 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 would be able to keep it. The Scottish Government would detail exactly what this means for you before you agreed to proceed with the sale.

Q: Will I be eligible for Housing Benefit?

You must make a 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 can satisfy the authority that you could not remain there without selling it.

Q: What does it mean to become a tenant?

As a tenant of Clyde Valley Housing Association, you would sign a tenancy 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 to 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 for some properties, which would mean that you would not have the right to buy your house back.

Q: Will my individual circumstances be taken into account?

The Scottish Government's aim is to provide equal access to Mortgage to Rent for everyone. For example, households with more than five people would be allowed a higher property value to remain eligible. Disabilities and learning difficulties would 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.

Q: How do I apply?

Before applying you **must** obtain advice about your financial situation. The advice agencies listed earlier 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 the Scottish Government at www.communitiesscotland.gov.uk or by emailing mortgagetorent@scotland.gsi.gov.uk.

Alternatively you can call the Scottish Government on 0845 279 9999 or write to Mortgage to Rent, The Scottish Government, Housing & Regeneration Directorate, Highlander House, 58 Waterloo Street, Glasgow G2 7DA.