

 merlion  
Assisted Purchase Scheme



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 merlionhomes

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## Who are Merlion?

Merlion was established in 1991 and specialises in providing high quality affordable homes for local people. Merlion Homes works in partnership with Merlion Housing Association Two Thousand Ltd, a charity registered under the Industrial and Provident Society Act 1965. Registered No 29033R.

Working with the Government, local authorities and house builders, we provide homes at prices well below those payable on the open market. Our scheme puts home ownership within reach of people for whom buying a property would not normally be an option.

We have provided over a thousand new homes, both houses and flats, appealing to a wide range of purchasers, including first time buyers, key workers and families in local housing need.

This booklet will explain how we may be able to help you own a new home through the Merlion Assisted Purchase Scheme.



## Merlion Assisted Purchase Scheme

The Merlion Assisted Purchase Scheme (MAPS) helps local people to buy a new home. This guide does not cover every aspect of the scheme, as these vary between developments. More information is available from your local selling agent or Merlion.

If you qualify for MAPS, you will be able to buy a brand new home at a level significantly lower than its market value, normally 75% of its full open market value. The price you pay is funded by a first mortgage and personal savings. Your mortgage will usually be repayable on a monthly basis and you will need to obtain a quote from an independent financial adviser.

No rent is payable on the non purchased part. In effect, Merlion itself funds the non purchased part, protecting its interest by means of a second charge. A second charge is a legal tool which allows Merlion to recover its funding when you sell the property, after a mortgage lender has recovered its loan. Your solicitor can explain in more detail what this means. The second charge will be held by Merlion Equities Ltd.

You only need to repay the percentage funded by Merlion when you sell the property, although you may be able to pay it back by arrangement before this. The amount you will have to repay is linked to the value of your home at the time the funding is repaid.

## 1 Do I qualify for MAPS?

The basic qualification criteria:

- You must be unable to purchase a similar property on the open market in the locality and currently;
- Live in the specified local district council area;
  - Work in the specified local district council area, or
  - Have family connections in the local district council area.

There may be other criteria relevant to a development, of which the selling agent and Merlion will be aware. In order to reserve a property, you will have to complete a standard application form. Merlion will check your application against the relevant criteria and in some cases your details will be sent to the local authority for their approval.

## 2 Can I buy with someone else?

We will agree to your buying a home with someone else, but both applicants' incomes and savings will be taken into account and will determine whether you could afford to buy a home without the help of MAPS.

A joint application will not qualify unless both parties are to jointly own the home.

If either applicant currently owns a home, that property will have to be sold before you can reserve a Merlion property.

Any anticipated profit from that sale will also be taken into account when considering the application.



## 3 What kind of property can I buy through MAPS?

All properties available through MAPS are new, built by recognised developers and come with a standard 10 year NHBC warranty. Occasionally developers will substitute another warranty such as Zurich for NHBC cover. Properties are usually the

developer's standard house types and will look very similar to others on the development. MAPS does not cover second hand properties.

## Guide to buying a Merlion home

You should take independent financial advice to get a clear understanding of the costs of home ownership before deciding to buy a property.

### 1. CHOOSE YOUR PLOT

Visit the local office of the selling agent. They will have full details of the scheme, showing the plots available. If dealing direct with Merlion, this information will be supplied to you.

### 2. MAKE AN APPLICATION

An application form will be available from the selling agent operating the scheme or from Merlion direct. When you have completed the application form as fully as possible, return it to the selling agent or send it to Merlion.

It is important that you provide as much information as possible, as this will help us to make a speedy decision. If you have any questions regarding the application form, please contact the selling agent or Merlion.

You should not make any financial or legal commitment to buy a home at this stage. An application should be regarded as a reservation only when confirmed in writing by Merlion.

### 3. RESPONSE TO APPLICATION

Merlion will check the information you have given on the application form. In some cases we may need further information and you will normally be contacted by telephone.

We will endeavour to let you know the decision within 5 working days of receipt of your application.

### 4. APPROVAL/REJECTION

If the information on your application form meets the criteria for the development you would normally be accepted for the scheme. If rejected, Merlion's decision is final and no discussion can be entered into. If your circumstances alter significantly, you may be able to re-apply at a later date.

If Merlion approves your application, you should instruct a solicitor.

At this time you are required to provide a reservation cheque made payable to Merlion

Housing Ltd of either £250 or £500 depending on the price of the property. Properties with a sales price up to and including £100,000 require a cheque for £250 and properties above this price require a cheque for £500.

This amount will be deducted from the purchase price on completion.

### 5. FINANCE

You should now finalise mortgage arrangements with your lender. It is important that you do this as soon as possible as this may cause a delay to your purchase.

If you do not exchange within 28 days of receipt of contracts, we reserve the right to re-market the property.

### 6. EXCHANGE OF CONTRACTS

Exchanging contracts with Merlion means you are legally bound to purchase the property. At this point you will pay a deposit. The amount of this deposit will depend on the purchase price of your property.

Payment of the exchange deposit must not be made by personal cheque. These can take up to 10 days to clear and this can cause delay to exchange. If you fail to meet your exchange deadline, Merlion may re market the property.

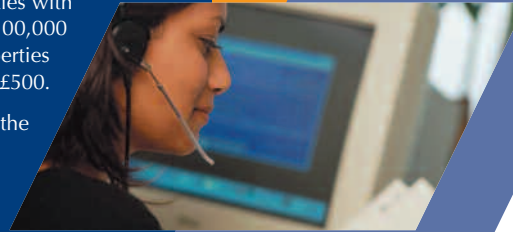
If the property is not ready for occupation, your solicitor will be notified that completion will take place up to 10 working days after the building works have been finished. If it is ready for occupation, a fixed completion date will be advised at the point of exchange.

Do not make arrangements to move until your solicitor has confirmed your completion date.

### 7. COMPLETION

On the completion date, the balance of the purchase price is paid to Merlion. Keys cannot be released until all monies have been cleared, which will be no earlier than 2pm on the completion date.

This guide is not a legal document.



## The costs involved

You must fully consider the costs and responsibilities of buying your own home and you should take independent financial advice before making any commitment. Some of the costs you will have to pay are illustrated below and you should obtain specific quotes:

### 1. SURVEY & LEGAL COSTS

The cost of obtaining a mortgage and your legal costs are your responsibility. Most lenders charge a fee to arrange a mortgage.

Your building society or bank will require an independent property valuation. This cost will be in addition to the mortgage fee.

### 2. STAMP DUTY

Stamp duty is a tax you will have to pay if the home you buy is above a certain price. Your solicitor will inform you of the amount of any stamp duty payable.

Where stamp duty is due, it is payable on the full value of the property, not just the percentage you are paying for.

### 3. LAND REGISTRY

When you buy your home, your solicitor has to register your ownership at the Land Registry. This registration is subject to a fee. Your solicitor will advise you of the cost.

### 4. MORTGAGE REPAYMENTS

A mortgage is the most common way to fund the purchase of your new home. There are numerous mortgages available on the market and you should ask an independent financial adviser to explain the different types of mortgage and the costs involved.

### 5. BUILDINGS INSURANCE

All buildings have to be insured against damage or destruction by fire or similar disaster. Your mortgage lender will usually arrange this, but you should check that the cover is adequate.

### 6. CONTENTS INSURANCE

You may wish to insure your belongings and furniture against fire, theft and other risks. You should take independent advice before making any commitment.



## The costs involved... continued

### 7. MORTGAGE PROTECTION INSURANCE

If at any time you become unable to meet your mortgage payments because you lose your income, the mortgage lender may repossess your home.

There are insurance schemes, which would cover your mortgage payments in the event of you losing your income. When you arrange your mortgage you should consider whether you would benefit from such schemes known as Mortgage Payment Protection Insurance (MPPI). You should again seek advice from your financial adviser.

### 8. REPAIRS/MAINTENANCE

When you buy a house you are normally responsible for all repairs and maintenance. In the case of flats, your responsibilities will be detailed in the lease and your solicitor will advise further.

If you buy a flat you will have to contribute towards the upkeep of the building. The person who owns the building (the freeholder) is normally responsible for repairing and maintaining the outside of the building and any communal parts. The cost of this will be covered in a service charge, which each flat owner contributes to. Property insurance for the block of flats may also be arranged by the freeholder and the costs recovered through the service charge. Full details and a breakdown will be provided to your solicitor, who will advise you further.

The title of the property you will acquire on completion depends wholly on the contractual documentation provided by your solicitor. You should therefore make direct enquiries to your solicitors for confirmation of whether you are acquiring a freehold or leasehold title.

### 9. SERVICES

You are responsible for the costs of all gas, electricity and water supplied to your home after completion. As soon as you complete on the property, we ask that you contact these suppliers and inform them of meter readings.

All homes include telephone points but you are responsible for connection to the service and any initial and ongoing costs.

### 10. COUNCIL TAX

You will be responsible for Council Tax on the property. The local council will tell you how much this will be.



## Further Advice

The selling agent should be your first point of contact if you have any questions regarding a specific scheme. If there is no selling agent please contact Merlion directly. Your financial adviser and legal representative can also advise on general issues regarding purchasing a property.

### What happens after I have bought my home through MAPS?

Once you have completed on your property, you will be able to enjoy your new home as if you had bought it outright. However, until such time as you purchase the remaining percentage, Merlion Equities (UK) Ltd has a legal interest in the property. To protect this interest you will need to contact Merlion Equities (UK) Ltd should you wish to do any of the following:-

- Make any improvements, alterations or modifications to the property.
- If you need to take out further loans for repair or improvement, which have to be secured on your home.
- If you want to sell your home.
- If you wish to repay the second charge.
- If your circumstances change, for example if the property is in joint ownership and one party wishes to be removed from the mortgage.



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