

Affordable Homes Equity Loan Scheme



Wigan Council's Affordable Homes Equity Loan Scheme

- Do you live, work or have a family connection with Wigan Borough?
- Are you struggling to get on the property ladder?

If so, our affordable homes Equity Loan Scheme could help.

How does it work?

On new developments where our equity loans are available, Wigan Council will offer you a loan for a percentage of the property value (usually 30%).

You will be required to put down at least a 5% deposit and to secure a mortgage from a lender for the rest of the property's price.

Full property price		
5% Deposit	65% Mortgage	30% Equity Loan
You	Bank / Building Society	Wigan Council/Developer

For example

Full property price £120,000
30% Equity Loan = £36,000
5% deposit = £6,000
Mortgage required = £78,000

You will own the property and there are no rental payments required. There are no interest payments due on the equity loan but you will be required to pay it back;

- At the end of the term, usually 25 years

Or before then;

- If you sell the property or
- If you wish to pay off the equity loan in full or part

When you repay the equity loan the amount you repay will be based on the market value of the property at the time.

For example

Property value = £150,000
30% equity loan repayment = £45,000

Can I apply?

To be eligible for the scheme, you will need to meet one of the following criteria:

- You must currently live in the borough, and have lived here for the last six months, or
- you have lived in the borough for at least three years in the last five years.
- You are employed and your usual place of work is within Wigan borough, or
- you are taking up an offer of employment based in Wigan borough or work in Wigan Borough, or
- you are a former member of the armed forces who is returning to Wigan Borough upon discharge, or
- you otherwise have a long-standing family connection to the borough.

In addition, we will carry out an initial financial assessment to assess that you need assistance to buy and that the scheme will be affordable for you.

Please note that you will need to be able to secure a mortgage, if required, to buy the property. Your mortgage advisor or independent financial advisor must assess your finances to make sure that your mortgage requirement is affordable based on your financial circumstances.

If you currently own another property, you can apply for the scheme but you must sell the property before you complete the purchase under this scheme. Any proceeds from the sale will be taken into account when assessing your financial circumstances.

The property that you buy should be your only or principal home and you should not have any interest in another property for the duration of the equity loan.

What else should I consider?

In addition to your deposit you will need to fund all other purchase costs including solicitors fees, removals and stamp duty (where applicable). You should discuss all associated costs with the sales team on each development.

Home ownership is a long term commitment. You should ensure that you budget for all regular outgoings, including household bills, insurance and property maintenance. It is important that you keep up with your mortgage payments as your home may be at risk of repossession if you fall into arrears. In addition, on many new developments there may be ground rent, estate charges or service charges payable. You should ask the developer's sales team about any ongoing charges that will apply before you agree to buy.

How do I apply?

You should complete our on line application form, this is available at www.wigan.gov.uk/affordablehomeownership

When you submit your application electronically, you will receive an e-mail confirming receipt of your application.

In order for us to process your application you will also need to provide supporting documentation.

Proof of Local Connection to Wigan Borough

Either:

- Proof that you have been resident in Wigan Borough for the last 6 months; or 3 years out of the last 5. Documents to prove this include bank / building society statements, Council Tax Bill, utility bills; or
- Proof that you have been permanently employed in the borough and based for work in the borough for a minimum of 6 months. This should be a letter from your employer; or
- Proof that you have accepted an offer of permanent employment in the borough. This should be a letter from your employer; or
- Proof of your discharge from the Armed Forces

Or

- Other proof of your long standing connection to the borough.

Identification

- Proof of National Insurance Number and ID documentation (e.g. passport or driving licence) for you and any joint applicants, where applicable.

Income

- Proof of income for all applicants for the last 3 months
- If you are self-employed you will need to provide full accounts and earnings for the previous 2 tax years.

Please provide scanned versions of the supporting documentation and send them to housingservices@wigan.gov.uk quoting the reference number given in the acknowledgment email.

We will get in touch with you once we have processed your application.

For further information please contact housingservices@wigan.gov.uk or ring 01942 489204