

SHARED EQUITY PROCESS

Steps

1. Registering your interest

To register your interest in purchasing your Housing ACT home, you must complete the **Registration of Interest** form.

The completed form can be emailed to Capital.Team@act.gov.au

Alternatively:

Delivered to Housing ACT:

Att: Capital Team

Lakeview Square (NCH)

Cnr Emu Bank & Benjamin Way

Belconnen ACT 2617

Or mail to:

Att: Capital Team

Housing ACT

Locked Bag 3000

Belconnen ACT 2616

2. Eligibility Assessment

On receipt of your registration of interest form, Housing ACT will assess your eligibility to purchase the home and whether the property is available for sale. If you are not eligible under the scheme and/or the property is not available for sale, you will be notified of this in writing. If you are eligible and the property is available for sale, you will receive an **Acknowledgement letter** confirming your eligibility to proceed.

The **Acknowledgement letter** will include information regarding recent sales activity in your area. This information is derived from the quarterly Real Estate Institute of Australia Market Facts report. You should take note of the sales history advice and carefully consider whether you can afford to proceed with the purchase.

At this time, you will be required to engage with IMB and provide to Housing ACT evidence of your financial capacity to proceed. Upon receipt, you will be issued:

- i. A **Proceed with Market Valuation** form; and
- ii. A **Miscellaneous Receipt**, which is used to pay the 1st \$300 **Administration Fee**.

The **Administration fee/s** will be used by Housing ACT to pay valuers and other consultants that undertake work related to the sale of the property. The fees will not be refunded to you if you do not proceed, which is why confirmation of pre-approval is required and why you should consider your ability to purchase prior to making any payments. Once you have considered the relevant information, you should pay the 1st \$300 **Administration Fee** using the **Miscellaneous Receipt** at any ACT Government Shopfront. You will need to return a copy of the receipt with the completed **Proceed with Market Valuation** form to Housing ACT, by the due date specified in the acknowledgement letter.

3. Proceeding to Valuation

When Housing ACT receives the **Proceed with Market Valuation** form including the paid receipt, it will initiate a formal market valuation of the property by one of its qualified independent valuers. The valuer will contact you to make an appointment with you to gain access to the property. They will compile the valuation report and will send it to Housing ACT.

4. Advise of Sale Price

On receipt of the Valuation Report, Housing ACT will advise you in writing of the sale price. Attached to the letter will be:

- i. A **Proceed to Reports** form; and
- ii. A **Miscellaneous Receipt**, which is to be used to pay the 2nd \$700 **Administration Fee**.

5. IMB Financing

At this stage you will be required to confirm with IMB your capacity to borrow and obtain conditional loan approval.

To assist with this process, Housing ACT will notify IMB of the valuation price and provide them with a printout of their rental payments for the preceding 12 months.

Should you wish to proceed, you should pay the \$700 **Assurance Fee** using the Miscellaneous Receipt at any ACT Government Shopfront. You will also need to return a copy of the paid receipt with the completed **Proceed to Reports** form to Housing ACT, by the due date specified in the advice letter.

6. Building Inspection and Related Reports

On receipt of the completed **Proceed to Reports** form including the paid receipt, Housing ACT will arrange for Building, Pest and Energy Rating Reports.

A copy of all the Building, Pest and Energy Rating Reports will be mailed to you with a **Letter of Offer** and an **Acceptance of Offer** form for you to complete and return to Housing ACT, by the due date specified in the letter. The **Letter of Offer** will also advise you of the exact cost of the building reports, which is the amount to be paid by you at settlement.

7. Preparing For Exchange of Contracts For Sale

When Housing ACT receives the completed **Acceptance of Offer** form this will trigger Housing ACT to instruct its solicitor to prepare 2 copies of the sale contract in readiness to prepare for Exchange of Contracts.

8. Exchange of Contracts

When Contracts are exchanged, Settlement should occur within the specified timeframe on the contract (usually 30 days), or penalties may be incurred. No payment is required at Exchange of Contracts however, we strongly advise you to have your finance organised and unconditionally approved prior to exchanging contracts.

9. Ceasing Rent Direct Debit Payments

Two weeks prior to the settlement date you should arrange to cease your rental 'direct debit' payment arrangements with your Bank/Building Society. Please note your rent account will be at \$0.0 before settlement can proceed, if there is a rent credit this will be refunded at settlement.

10. Settlement

At settlement you are required to pay 70% of the price for the property (less the \$1,000 deposit already paid and, subject to adjustments for land charges, rental payments calculated the day before settlement, and also Pest & Building Reports). You will be responsible for your legal expenses and associated costs relating to the purchase of the property. **This includes Stamp Duty, Mortgage Protection Insurance and Solicitor's Fees.**

Once settlement takes place you become the homeowner and you will no longer have to pay rent. As a Homeowner you will be responsible for making payments usually required by homeowners such as being responsible for all maintenance, rates and water consumption.

POST SETTLEMENT

After Settlement, you will be required to make repayments to IMB in accordance with your loan agreements (e.g. monthly repayments). You should make your own enquiries with IMB concerning the amount and frequency of your repayments. IMB will hold a mortgage over your property until all monies owing are paid.

In accordance with the Equity Loan Agreement with Housing ACT you are required to make at least two lump sum payments.

11. Fifth Anniversary Payment

The Fifth Anniversary payment requires payment of 15% of Housing ACT's Equity share at the date of the anniversary. Housing ACT will notify the client prior to the anniversary to arrange an independent valuation of the property.

At this stage Housing ACT has a 30% equity share then this means that you will need to pay 4.5% (15% of 30%) of the current total value of the property.

For example, if after 5 years the property is valued at \$400,000 this means you will need to pay:

- i. $\$400,000 \times 4.5\% = \$18,000$.
- ii. Housing ACT's equity share will then be 25.5%

The client has 90 days from the date of notice is given until the payment is due.

12. Fifteenth Anniversary Payment

The second payment is at the 15 year mark, and will be for the remaining Housing ACT's equity share.

For Example: If after 15 years Housing ACT has a 25.5% equity share and the property is currently valued at \$600,000 then you will need to pay:

- i. $\$600,000 \times 25.5\% = \$130,050$.
- ii. Housing ACT's equity share will then be reduced to 0%.

All repayments will be calculated as a percentage of the market value of the property at the time of making the repayment. As a result, you and Housing ACT will share in increases or decreases in the property value (i.e. share the equity in the property).

Housing ACT will arrange for an independent valuation for each repayment. Your improvements to the property will may be deducted from the market value of the property (as they were when the original price for the property was determined).

13. Additional Payments

Payments may also be made at any time, in installments of a minimum of 5% of Housing ACT's equity share. To make these payments, you are required to submit a Notice of Intention to Increase Equity Share Form. Additional payments of less than 5% of Housing ACT's Equity share will not be accepted.

When this intention notice is received, Housing ACT will arrange for an independent valuation. After receiving the valuation Housing ACT will prepare the Additional Payment Notice stating the Additional Payment and the Minimum Additional Payment required.



For Example: Minimum additional repayment will be 5% of Equity which may be \$9,400.00

- i. Client may have shown intent to repay \$10,000.00.
- ii. The choice of repayment will be given to the client

The client has 90 days from the date of notice is given until the payment is due.

Further Information

For further information regarding the sale of Housing ACT properties under the Shared Equity Scheme please refer to the Community Services Directorate Website www.communityservices.act.gov.au

Alternatively, please telephone the Community Services Directorate on 133 427.

Accessibility

The ACT Government is committed to making its information, services, events, and venues, accessible to as many people as possible.

If you have difficulty reading a standard printed document and would like to receive this publication in an **alternative format** – such as large print or audio – please telephone **133 427**.

If English is not your first language and you require the **translating and interpreting services** – please telephone **131 450**.

If you are deaf or hearing impaired and require the **National Relay Service**, phone **133 677 then ask for 133 427**.