

Award Letter

First Home Fund Award Letter

To be completed and issued by the Administering Agent to the purchaser and copies sent to the purchaser's solicitor, Independent Financial Adviser (if applicable) and Scottish Government's solicitors.

When it is issued to the purchaser's solicitor, the Administering Agents should also send to the purchaser's solicitor the Standing Instructions to Solicitors (duly completed by the Administering Agent with the details of the transaction).

The Standing Instructions to Solicitors are provided separately and must not be amended other than to complete any blanks with applicable information.

If Option B at the end of this letter is not applicable please delete.

Form of Award

Date: [●]

To: [Purchaser – Name/Address]

CC: [Purchaser's solicitor – Name/Address]

CC: [Purchasers Independent Financial Adviser – Name/Address]

CC: Scottish Government Solicitors: [Name/Address]

Scheme: First Home Fund

Property: [●]

Named Purchaser: [●]

Anticipated Completion Date/Date of Entry [●]

Option A

This Award Letter is valid for the financial year running from 1 April 2020 to 31 March 2021. The purchase of the transaction must take place within this period while also adhering to the timescales detailed in this letter.

Thank you for returning your application to the First Home Fund. We are pleased to tell you that your application has been approved and that Scottish Ministers will take an equity stake in respect of the Property on the following terms:-

FULL DETAILS OF NAMED PURCHASER: [●]

FULL DETAILS OF PROPERTY ADDRESS [●]

FULL DETAILS OF PURCHASER'S SOLICITOR [●]

FULL PURCHASE PRICE: £[●]

PROPERTY VALUATION: £[●]

SCOTTISH MINISTERS CONTRIBUTION £[●]

SCOTTISH MINISTERS CONTRIBUTION PERCENTAGE [●] %) [●]

MORTGAGE AMOUNT: £[●]

REQUISITE AMOUNT OF CASH SAVINGS TO BE INVESTED BY BUYER: £[●]

BUYER'S PROPERTY TO BE SOLD PRIOR TO PURCHASE (if in the case of joint buyers there is an existing property to be sold):

ADMINISTRATION FEE TO BE PAID BY APPLICANT PRIOR TO SETTLEMENT:
This must be received by the administering agent at least 3 weeks prior to settlement
£[]

Guidance for the Buyer

You should ensure that you have read the First Home Fund Buyer's Guide before continuing with your purchase. Please find a copy on the Scottish Government website.

If you wish to proceed with your home purchase on the above terms you must now take the following steps:-

Step 1

You should now be getting ready to submit a mortgage application. We would recommend that you seek independent advice about your mortgage, such as

through an independent financial advisor (IFA). The mortgage must be from a qualifying lender.

Qualifying lending institutions include mortgage lenders who are authorised under the Financial Services and Markets Act 2000, and who have permission to enter into regulated mortgage contracts.

This is likely to include most banks and building societies. The Financial Conduct Authority (FCA) keeps a register of authorised persons on its website. The register can be found at <https://register.fca.org.uk/>. Please contact the FCA or your independent financial advisor if you have any doubts as to whether a lender falls within this definition.

The mortgage offer you should receive must be equal to the Mortgage Amount noted on the front of this form and should be for a repayment mortgage. **Interest-only mortgages will not be approved for First Home Fund assisted purchases.**

In addition to your mortgage funding, you have also told us that you will be making a cash contribution towards the purchase price of the house, as set out above.

PLEASE BE ADVISED THAT YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBTS SECURED ON IT.

Step 2

We have assessed the Application Form completed by you and have prepared this Award Letter based on the information you have provided. This Award Letter is only valid for three months from the date of issue as set out above and you must ensure that your solicitors conclude missives on your behalf with the seller's solicitors to purchase the home within this three month timeframe.

This Award Letter is valid for 3 months and you are expected to conclude missives within this period of time. If you have not concluded missives within three months, your application to the scheme will be cancelled with immediate effect. Settlement of your property purchase must take place within 6 months of the date of conclusion of missives or by 31 March 2021, whichever is the earlier. Failure to do so could result in your transaction no longer being eligible to receive assistance.

UPON RECEIPT OF THIS AWARD LETTER, YOU MUST AS SOON AS POSSIBLE CONTACT YOUR INDEPENDENT FINANCIAL ADVISOR (IF APPLICABLE) AND YOUR LENDER SO THAT A FULL MORTGAGE OFFER CAN BE MADE ON YOUR SELECTED PROPERTY.

Administration Fee

You can now pay your administration fee of £550.00 to the Administering Agent. You must pay this to them no later than 3 weeks before settlement. Failure to pay the administration fee will prevent your application from continuing.

This fee will be refunded to you should your application fail at any time, except in cases of fraud or misrepresentation on your part.

Step 3

Your solicitor will explain the legal documentation that you are required to enter into with Scottish Ministers.

You must agree to sign a Minute of Agreement, a Ranking Agreement, and Standard Security. Your solicitor will contact you to explain and arrange this.

Once your mortgage offer and valuation have been received, your solicitor will negotiate and conclude missives with the seller's solicitor. After conclusion of missives you will be legally committed to purchasing the property. Your administration fee must be paid no later than 3 weeks before settlement to the Administering Agent.

You will also be advised of the date for completion so that you can plan your move. **It is also important that you arrange buildings insurance cover for your new home from the date of completion.**

Step 4

Your solicitor will finalise your home loan from your lender, including preparing and having you sign a first-ranking standard security over your home, to secure the mortgage. Your solicitor will also make arrangements with you to ensure that your deposit contribution will be available in time for completion of the purchase.

Step 5

At completion, your lender will provide its funds and the Scottish Government will provide its contribution, so that your solicitor can pay the purchase price to the seller's solicitor or the home builder.

Your application will be cancelled if missives are not concluded on your behalf within three months after the date of this Award letter. If you are unsure of how to proceed, please contact [insert name of Administering Agent] at [insert contact address/telephone number].

You are advised to make sure you have read the First Home Fund Buyer Guide that explains how the scheme operates.

Please note:-

The Award Letter ceases to have effect if missives are not concluded for the purchase of the property within 3 months of the date of this letter.

If your transaction does not complete within 6 months from the date of conclusion of missives or by 31 March 2021, whichever is the earlier, you may no longer be eligible to receive assistance.

The financial support from Scottish Government as set out in this Award Letter is subject to you paying the administration fee and your Solicitor receiving a Home Report valuation if available or a mortgage valuation, or if your lender does not supply a copy of the valuation, a mortgage offer showing the valuation figure.

OR

Option B

Thank you for returning your application to the First Home Fund.

We regret to inform you that on this occasion your application to the scheme has not been successful.

[DELETE AS APPROPRIATE]

The rules of the scheme state that the property must be sustainable in the longer term for the purchaser. We have undertaken a sustainability check based on the information provided in your application and we do not believe the purchase of the above property is sustainable for you in the longer term.

The rules of the scheme state that your mortgage must be Capital Repayment. You have advised us that your mortgage is Interest Only and you are therefore ineligible for support through the First Home Fund.

The rules of the scheme state that you must take out a mortgage that is a minimum of 25% of the purchase price. As stated on your application form the mortgage you have applied for is X% of the purchase price and you are therefore ineligible for support through the First Home Fund.

The rules of the scheme state that the Scottish Government contribution cannot exceed £25,000 or 49% of the value of the property or purchase price (whichever is the lower amount). As this is not the case, you are ineligible for support through the First Home Fund.

The rules of the scheme state that support is only available if at least one of the applicants is a first-time property buyer. As this is not the case, you are ineligible for support through the First Home Fund.

The rules of the scheme state that you must contribute a minimum deposit of 5% of the purchase price (subject to lender requirements) and any amount over valuation must be cash funded). As stated in your application form the amount of the deposit which you intend to contribute is £X which is less than the amount over valuation and you are therefore ineligible for support through the first home fund.

Please contact us with any queries about this decision.

Yours sincerely

For and on behalf of