



SHARED OWNERSHIP SCHEME

LIMERICK CITY COUNCIL INFORMATION LEAFLET

WHAT IS SHARED OWNERSHIP?

Shared Ownership is a scheme that facilitates access to full home ownership in two or more stages by persons who could not afford full ownership immediately. The applicant initially acquires a share (minimum 50%) in a house, apartment or flat and rents the remainder from the local authority, with an undertaking to acquire the remaining equity within a 15 year period..

WHO IS ELIGIBLE?

If you belong to one of the following categories you are eligible to apply for consideration for the Shared Ownership Scheme;

- (a) Tenants and Tenant Purchasers of local authority houses who intend to return their houses to the authority on providing a private house for their own occupation under the scheme.
- (b) Persons included by a local authority in its latest assessment of housing needs or accepted for inclusion in the next such assessment, i.e. on the housing waiting list.
- (c) Tenants of one year's standing of houses provided by approved housing bodies under the Rental Subsidy Scheme e.g. RESPOND who intend to return their houses to the housing body on providing a private house for their own occupation under the scheme.
- (d) Persons in need of housing whose household income in the preceding tax year, calculated in accordance with a formula, does not exceed €2,000.00.
Under the formula, income will be reckoned as follows;
 - in the case of a **single income household**, two and a half times the borrower's income in the preceding tax year,
 - in the case of a **two income household**, two and a half times the income of the principal earner, plus once the other income.

Examples of how the proposed formula and limit would work in different circumstances are shown below:-

	Single Income Household	Single income Household	Two income Household	Two income Household
Principal Income	€6,800.00	€8,000.00	€0,000.00	€2,000.00
Subsidiary	Nil	Nil	€17,000.00	€17,000
Formula	€6,800.00 X 2.5 = €2,000.00	€8,000.00 X 2.5 = €5,000.00	€0,000.00 X 2.5 + €17,000.00 = €2,000.00	€2,000.00 X 2.5 + €15,000.00 = €7,000.00
Eligible	Yes	No	Yes	No

Local Authority tenants, tenant purchasers or tenants of houses provided by approved housing bodies under the Rental Subsidy Scheme who avail of the Mortgage Allowance Scheme may not avail of the Shared Ownership Scheme as well.

HOW TO APPLY?

1. Please telephone the Housing Office for a Preliminary interview where the Scheme and Financial Commitments involved will be explained in full.
2. Applicant can apply for provisional approval i.e. submit application form and list of documents (as specified on the application form).
NOTE: It is not necessary to have decided on the particular house to be purchased at this stage but applicant must indicate the approximate house price they intend to purchase.
3. Applicant called for an interview.
4. Provisional Approval issued.

No commitment regarding the purchase of a house should be entered into until approval in principle has been received from the local authority.

WHAT KIND OF HOUSE MAY BE PURCHASED?

Under the Shared Ownership Scheme, a new or existing house may be purchased, or a new house built. The selection of the house is your own choice but Limerick City Council must be satisfied that it is reasonably priced, of suitable size and standard to cater for the applicant's needs and free from structural defects.

An existing house must have hot and cold water systems, a fixed shower or bath and an indoor toilet.

A new house must comply with requirements as to the construction standards, floor area etc. as set out in the Department of the Environment Memorandum HA1.

The house **must** be located within the administrative area of Limerick City Council, which covers Limerick City. It should be noted that certain suburbs e.g. Raheen, Dooradoyle, Caherdavin fall outside the administrative area of Limerick City Council and are County Council areas.

WHAT HAPPENS WHEN AN APPROVED APPLICANT SELECTS A HOUSE?

1. Applicant selects house to buy and agrees, provisional terms with the Seller/Auctioneer. Deposit **not** to be paid directly to Seller/Auctioneer.

2. Applicant applies for Final Approval , form to be filled out giving details of house selected. Applicant submits form to the Housing Section with a deposit for legal fees – applicant will be advised of same.
3. Applicant must set up an account with a Bank or a Building Society if they do not already have one so that repayments on this scheme can be made by direct debit from the applicants account to Limerick City Council account every month.
4. Limerick City Council inspects the house chosen to ensure it complies with the requirements laid down by the Department of the Environment.
NOTE: Applicant is strongly advised to obtain independent technical advice on the structural condition of the house you select as Limerick City Council will not accept liability for any defects found in the house after purchase.
5. If house chosen is suitable, Limerick City Council will agree the purchase price with the Seller/Auctioneer.
6. Final Approval is issued.
7. Limerick City Council completes purchase of house.
8. Applicant's signs the necessary legal agreement with Councils Solicitors.
9. When the transaction is completed, applicant takes up occupation of house.
10. Applicants are required to take out an insurance policy against Fire and Flood in the joint names of themselves and Limerick City Council.

It should be noted that the maintenance of the house purchased is the sole responsibility of the applicants.

DO I NEED A DEPOSIT?

Yes, This deposit will fund the cost of all legal fees arising from the transaction. These will be calculated for you at the Preliminary interview in Housing Section.

WILL THERE BE TRANSACTION COSTS?

No stamp duty will be payable but legal fees will be payable by the applicant.

DO I NEED MY OWN SOLICITOR?

As the legal work involved in buying the house will be done by Limerick City Council's Solicitors, there is no need for you to get a solicitor for this. However we would advise that you should obtain some independent legal advice about the scheme.

HOW MUCH WILL MY REPAYMENTS BE?

Obviously, the amount of your monthly repayments will depend on the cost of the house. The following examples will give an idea of the range of repayments on prices between €80,000 TO €160,000:-

The examples assume that the applicant is taking a 50% share of the cost of the house and are based on a mortgage interest rate of 2.95% over a loan period of 15 years and include mortgage protection;

No Rent Subsidy or Tax Relief at Source has been deducted from any of the repayments.

1. **€80,000** (House Price)

MORTGAGE PORTION(Your share)

€40,000.00
repayable over 15 years @ 2.95%
variable interest rate

€297.60 per month

RENT PORTION(Corporation share)

€40,000.00
annual rent – 4.3% of
€40,000.00

€1,720.00

€43.33 per month

TOTAL MONTHLY REPAYMENTS – €440.93

TOTAL WEEKLY REPAYMENTS - €101.75

2. **€100,000.00** (House Price)

MORTGAGE PORTION(Your share)

€50,000.00
repayable over 15 years @ 2.95%
variable interest rate

€372.01 per month

RENT PORTION(Corporation share)

€50,000.00
annual rent – 4.3% of
€50,000.00

€2,150.00

€179.17 per month

TOTAL MONTHLY REPAYMENTS – €511.18

TOTAL WEEKLY REPAYMENTS - €127.20

3. **€120,000.00** (House Price)

MORTGAGE PORTION(Your share)

€60,000.00
repayable over 15 years @ 2.95%
variable interest rate

€446.41 per month

RENT PORTION(Corporation share)

€60,000.00
annual rent – 4.3% of
€60,000.00

€2,580.00

€215.00 per month

TOTAL MONTHLY REPAYMENTS – €661.41

TOTAL WEEKLY REPAYMENTS - €152.63

4. **€140,000.00** (House Price)

MORTGAGE PORTION(Your share)

€70,000.00
repayable over 15 years @ 2.95%
variable interest rate

€20.81 per month

RENT PORTION(Corporation share)

€70,000.00
annual rent – 4.3% of
€70,000.00

€3,010.00

€250.83 per month

TOTAL MONTHLY REPAYMENTS – €71.64

TOTAL WEEKLY REPAYMENTS - €178.07

5. **€160,000** (House Price)

MORTGAGE PORTION(Your share)

€80,000.00
repayable over 15 years @ 2.95%
variable interest rate

€95.21 per month

RENT PORTION(Corporation share)

€80,000.00
annual rent – 4.3% of
€80,000.00

€3,440.00

€286.67 per month

TOTAL MONTHLY REPAYMENTS – €81.88

TOTAL WEEKLY REPAYMENTS - €203.51

REMEMBER

NOTE: THE RENTED PORTION WILL INCREASE IN VALUE EACH YEAR IN LINE WITH INFLATION FOR THE TERM OF THE MORTGAGE (15 YEARS).

The interest rate is variable so mortgage repayments will go up and down depending on interest rates.

Failure to keep your repayments up to date could result in your home being repossessed. If you have any difficulties in making your repayments, contact our Finance Section as soon as possible.

HOW LONG IS THE REPAYMENT PERIOD?

Under the terms of the Shared Ownership Scheme, the repayment period is 25 years with an undertaking to acquire the remaining equity within an additional 25 years. *Limerick City Council has reduced the repayment period to 15 years with an undertaking to acquire the remaining equity within 15 years.* This has the advantage that the applicant owns his/her house sooner.

THE MORTGAGE

The applicant's share in the house will normally be funded by way of a mortgage loan from the local authority but cash may be contributed if the applicant is in a position to do so.

WHAT RENT HAS TO BE PAID?

Rent will be payable by the purchaser on the share in the ownership held by the local authority and will be calculated at 4.5% of the value of that share, **updated annually in line with inflation**. The rent is payable monthly to the local authority and will be revised annually by them on the 1st July by reference to the change in the Consumer Price Index for the year to the preceding mid - February. The revised rent will apply for the year commencing on 1st July each year. In all cases, a minimum rent is payable, including those who qualify for subsidy.

CAN I CLAIM TAX RELIEF?

Yes, Tax Relief is granted by the Tax Office but implemented by Limerick City Council There is no tax relief on the rent portion.

IS THERE ANY RELIEF ON THE RENT PORTION?

Households with a gross income not exceeding €25,500 in the preceding tax year will qualify for an annual subsidy towards the rent as follows:

Household Income	Subsidy per annum
€13,000.00 and under	€2,550.00
€13,001.00 – €15,000.00	€2,300.00
€15,001.00 - €18,000.00	€2,050.00
€18,001.00 - €20,500.00	€1,800.00
€20,501.00 - €23,000.00	€1,550.00
€23,001.00 - €25,500.00	€1,300.00
Over €25,501.00	NIL

"Household Income" is the total gross income of the purchaser and his/her spouse or of the joint purchasers.

The subsidy, in any case, will not reduce the rent payable below €5.50 per month. An applicant, once approved for subsidy in a particular band, will not be moved to a lower subsidy band until any increase in gross household income amounts to at least three times the amount of the consequent reduction in subsidy.

WILL I GET THE NEW HOUSE GRANT?

No. The First Time Buyers grants has been abolished by the Department of the Environment and Local Government since the 13th November, 2002.

WHEN AND HOW IS THE REMAINDER OF THE HOUSE PURCHASED?

A person occupying a house under the shared ownership scheme will have the right to buy out the local authority's share of the ownership and acquire full ownership at any time. Alternatively, this may be done by purchasing from time to time, additional shares of the authority's equity. The amount and frequency of such purchases is a matter for determination by the local authority. The cost of purchasing an additional share will be its initial cost updated in line with inflation (using the Consumer Price Index) to the time of purchase. Purchases of additional shares may be financed by raising a further mortgage loan or by cash payments. Applicants will be required to buy out the full ownership within a 15 year period. In fact, the occupier could buy out the remaining equity when the original mortgage is paid off.

LIMERICK CITY COUNCIL

HOUSING DEPARTMENT

LOANS SECTION

CITY HALL

LIMERICK



APPLICATION FOR

SHARED OWNERSHIP SCHEME

PROVISIONAL APPROVAL

*PHONE 061-407226
JANE WALLACE*

APPLICATION FOR PROVISIONAL APPROVAL
SHARED OWNERSHIP SCHEME

PLEASE READ THE FOLLOWING NOTES CAREFULLY BEFORE COMPLETING THIS FORM. ALL QUESTIONS ON THE FORM MUST BE ANSWERED
PLEASE WRITE YOUR ANSWERS CLEARLY IN BLOCK CAPITALS

All applications must be submitted in person at this office. Postal applications will not be accepted.

ALL LOANS MUST BE COMPLETED BY THE AGE OF 65 YEARS
(LOAN PERIOD IS 30 YEARS)

You must submit the following items with your application. Incomplete applications will not be accepted.

1. *Application Fee of €70.00 which is not refundable.*
2. *Long Birth Certificate for each applicant. Short Birth Certificate or Baptismal Certificate are not acceptable.*
3. *Documentary evidence of savings showing a regular savings record (i.e. weekly, fortnightly or monthly) over a 12 month period.*
4. *Documentary evidence of existing loans or other financial commitments – 12 month Statements required.*
5. *12 months Bank Statement showing wages lodged to account, if applicable*
6. *Passport Photograph for each applicant.*
7. *If Renting Privately -*
 - (i) *a letter from Landlord confirming how long a tenant,*
 - (ii) *weekly/monthly rent,*
 - (iii) *rent book, receipts for rent or bank statements showing evidence of rent being paid,*
8. *Evidence of Income for applicant and joint applicant, see below:*

For Persons on PAYE

- *A P60 Certificate for the tax year immediately preceding the date of application. (Applicants must be in permanent employment for at least 12 months for an application to be accepted.)*
- *If the P60 does not cover the full 52 weeks of the particular tax year, a Statement from the Department of Social Welfare or your Employment Exchange giving full details of any Benefits or Assistance received during the period must be submitted.*
- *Completed Employment Information Forms (copies attached) from your Employer(s) and Three recent Payslips.*

For Self-employed Persons

- *A Balancing Statement and Notice of Assessment from Inspector of Taxes for the two tax years immediately preceding the date of application.*

LIMERICK CITY COUNCIL reserves the right to make enquiries concerning an applicant's employment, occupation, salary or income.

**SHARED OWNERSHIP SCHEME
APPLICATION FOR PROVISIONAL APPROVAL**

PERSONAL DETAILS:

	APPLICANT A	APPLICANT B
NAME	_____	
ADDRESS	_____	

DEPENDANTS	_____	
PHONE NO.	_____	
DATE OF BIRTH	_____	
PPS NO.	_____	
GROSS INCOME (before tax) in last tax year	_____	
CURRENT WEEKLY TAKE HOME PAY	_____	
ANY OTHER INCOME	_____	
OTHER FINANCIAL COMMITMENTS (LOANS ETC.)	YES/NO	YES/NO
<i>If Yes Give Details</i>	_____	

Are You:	Married	<input type="checkbox"/>
	Engaged	<input type="checkbox"/>
	(Date of Marriage _____)	<input type="checkbox"/>
	Separated	<input type="checkbox"/>
	Single	<input type="checkbox"/>
	Single Parent	<input type="checkbox"/>
	Widow/Widower	<input type="checkbox"/>

PERSONAL DETAILS:

APPLICANT A

APPLICANT B

Are you a tenant or
Tenant purchaser of a
Local authority dwelling

YES/NO

YES/NO

Are you included in a
Local authority housing
Assessment.

YES/NO

YES/NO

If yes give name of authority

Are you in need of housing
With a household income
Which qualifies under the
Income test limit (See
Information Leaflet)

YES/NO

YES/NO

DETAILS OF YOUR PRESENT ACCOMMODATION
(Please tick appropriate box)

(A) Rented

(B) Owner Occupied – with Mortgage with Mortgage Paid

(C) Living with relatives

(D) Other

Cost of existing accommodation _____ Per Week/Per Month

Are you in receipt of rent subsidy YES NO

If yes, please state amount _____ Per Week/Per Month

Name and Address of Landlord (if applicable) _____

Telephone No. _____

IF YOU ARE LESS THAN 5 YEARS AT YOUR PRESENT ADDRESS, PLEASE STATE OTHER ADDRESS(ES) YOU LIVED IN DURING THE PAST 5 YEARS

ADDRESS	PERIOD OCCUPIED	
	FROM:	TO:

IF YOU ARE NOT CURRENTLY LIVING IN THE FAMILY HOME PLEASE GIVE ADDRESS OF FAMILY HOME

APPLICANT A

APPLICANT B

PLEASE GIVE THE APPROXIMATE PRICE OF THE HOUSE YOU WANT TO BUY/BUILD AND LOCATION € _____ / _____

IS HOUSE LIKELY TO BE NEW EXISTING

REMEMBER:

The interest rate is variable on the mortgage portion and will be adjusted by Limerick City Council in line with inflation changes.

The rent portion is calculated at 4.3% of the value of the rented share which is updated annually in line with inflation.

NOTE: THE RENTED PORTION WILL INCREASE IN VALUE EACH YEAR IN LINE WITH INFLATION FOR THE TERM OF THE MORTGAGE (15 YEARS).

YOUR HOME IS AT RISK IS YOU DO NOT KEEP UP THE MORTGAGE AND RENT REPAYMENTS ON THE SHARED OWNERSHIP LOAN.

DECLARATION

I/We declare that the information given by me/us in this form and in the Employment Information Form (Appendix 1) is correct to the best of my/our knowledge and belief and that these documents were completed before this declaration was signed.

I/We enclose herewith the application fee of €65.00. I/We understand that this fee is not refundable even if Limerick City Council does not eventually advance a loan to me/us. I/We consent to Limerick City Council the right to make enquiries in support of this application. I/We also understand that any inspections carried out by Limerick City Council are confidential and are intended solely for the information of Limerick City Council in determining what advance, if any, may be made on the security and that no responsibility whatsoever is implied or accepted by Limerick City Council for the value or condition of the property by reason of such inspections and reports (you are advised for your own protection, to instruct your own surveyor/engineer to inspect the property). I/We agree that the Engineers' Report is the property of Limerick City Council and that I/We cannot require its production. I/We understand that any copy of an Engineers' Report or other information forwarded to Me/Us by Limerick City Council is without prejudice to the reservation above and shall not imply any warranty in respect of the property (the provisions of Section 22 of the Housing (Miscellaneous Provisions) Act, 1992 apply to the making of all loans.

I/We have read the attached Information Leaflet and understand its contents and agree with the terms and conditions of the Shared Ownership Scheme.

SIGNATURE OF EACH APPLICANT

DATE

IMPORTANT – PLEASE NOTE:-

Acceptance of this application does not imply an acceptance by Limerick City Council of your eligibility under the Shared Ownership Scheme. Following lodgement of your application you will be requested to attend for a discussion to explain the operation of the scheme in detail and to determine your suitability and priority for participation in the scheme.

APPLICANT A

Name _____

Address _____

TO BE COMPLETED BY EMPLOYER:

Employers Name _____

Address: _____

In relation to the above named loan applicant I confirm that the following information is correct:

Nature of Employment _____

Date of Commencement _____

Present Gross Income _____ **(weekly/annual)**

Is employment Permanent or Temporary:

Is employment Full-time or Part-time:

Is employment continuous: _____

Will applicant be employed by you for the foreseeable future? YES/NO

Is applicant entitled to sick pay benefit? YES/NO

If YES please give details: _____

Employers Signature: _____

Date: _____

Employers Stamp

APPLICANT B

Name _____

Address _____

TO BE COMPLETED BY EMPLOYER:

Employers Name _____

Address: _____

In relation to the above named loan applicant I confirm that the following information is correct:

Nature of Employment _____

Date of Commencement _____

Present Gross Income _____ **(weekly/annual)**

Is employment Permanent or Temporary:

Is employment Full-time or Part-time:

Is employment continuous: _____

Will applicant be employed by you for the foreseeable future? YES/NO

Is applicant entitled to sick pay benefit? YES/NO

If YES please give details: _____

Employers Signature: _____

Date: _____

Employers Stamp