

FORMER SOMERFIELD SUPERMARKET SCHEME

This scheme of five flats to be completed in December 2006 has been achieved by the Holsworthy Community Property Trust (HCPT) through jointly working with the Developers, Reef Developments and with West Devon Homes, a local registered housing association who have been appointed as our agents.

You will be able to purchase one of the flats on a long leasehold basis if you have a household income of between £13,000 and £27,000 per annum, a small deposit and are able to raise mortgage finance. In order for HCPT to cover its costs there will have to be a mix of incomes across this range to make the scheme viable. The estimated capital costs to the purchasers of the flats is set out below:

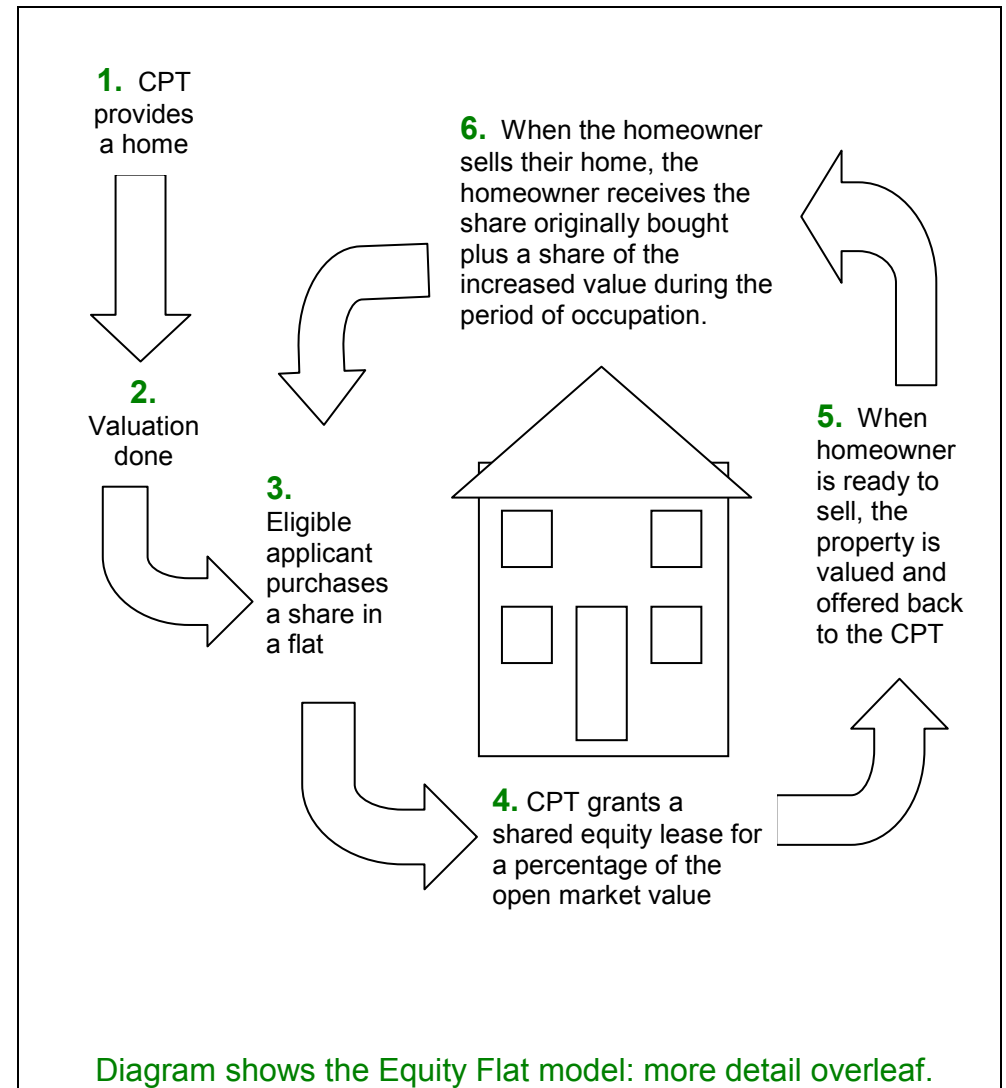
	1-bedroom flat	Small 2-bedroom, (55m ²) flat	Large 2-bedroom, (83m ²) flat
Minimum 50% share	£47,500	£60,000	£65,000
Maximum 75% share	£71,250	£90,000	£97,500
[Full value	£95,000	£120,000	£130,000]

In addition to the capital costs of purchase a ground rent and service charge of around £12pw will be payable. The service charge is to cover the maintenance of the freehold and common parts.

This leaflet sets out brief details about the schemes to be offered by Holsworthy CPT Ltd. If you would like to discuss the proposals for the former Somerfield site more fully or consider how the proposals might be of benefit to you personally then please contact Lizzie Uttley on 01822 813770 or email her at enquires@wdh.org.uk.

Note: This note is for information only and is subject to contract. It is a brief summary of the main provisions of legal documents, but not a full statement of all legal terms. The CPT reserves the right to adapt or modify these schemes as it thinks fit. You should seek your own legal advice before entering into any such transaction.

AFFORDABLE HOUSING - A HOME OF YOUR OWN



Holsworthy Community Property Trust ('the CPT') is in the process of purchasing five flats above the former Somerfield Supermarket in Holsworthy and developing a number of sites for affordable housing in Holsworthy and the surrounding area. These are shared equity schemes which are affordable by local people and offer a first step onto the housing ladder.

There are two ways in which these homes are to be made available:

- **Equity House Purchase**
- **Equity Flat Purchase**

Under **Equity House Purchase**, you will buy the freehold of the property, for a price equal to a mutually agreed percentage [between 40% and 75%] of its full market value at the time of purchase. You will need to obtain a mortgage from a bank or building society to pay for your agreed percentage of the market value of the property. The balance between the percentage of the property that you are able to purchase and the full market value will be funded by the CPT by means of an equity mortgage. If you decide to sell your home, the proceeds will be divided between you and the CPT in agreed shares which reflect your percentage ownership.

Under **Equity Flat Purchase**, you buy a lease of your flat for a mutually agreed percentage of its full open market value at the time of purchase. You will be granted a long lease for a small ground rent for a term of 125 years, known as a "shared equity lease". The CPT will be your landlord. You will need to obtain a mortgage to pay for the agreed percentage of the lease. In addition you will pay a monthly service charge to the CPT for as long as you occupy it. When you leave the property and sell your leasehold interest, you must offer your lease back to the CPT and the proceeds will be divided between you and the CPT in agreed shares which reflect your percentage ownership.

The following gives some further details.

EQUITY HOUSE & FLAT PURCHASE

The CPT will sell and you will purchase the property (house or flat) in the same way as if you were acquiring it on the open market.

The price you will pay will be based on an agreed percentage of the open market value of the property at the time you buy it. If you buy with the assistance of a mortgage from a bank or building society, you will be responsible for paying the capital and interest payments on your mortgage. But, because your bank or building society mortgage will be smaller than it would otherwise be, your monthly interest payments to your bank or building society will also be smaller.

A solicitor will be required to act for you, and report to you on the legal documents and the title matters. Where you require a mortgage from a bank or building society, your solicitor will deal with this as well.

The balance of the open market value - the agreed percentage that you do not pay - is left outstanding when you buy your home. This is the CPT's Percentage. For a house purchase, a second mortgage (called an '**Equity Mortgage**') is taken by the CPT to secure the CPT's Percentage, which ranks after the first mortgage in favour of your bank or building society. Your bank or building society will be required to consent to the creation of this Equity Mortgage. For a flat purchase the CPT's equity share will be for the remainder of the leasehold value.

There is no requirement to pay any interest or other payments to the CPT under the Equity Mortgage whilst you live in your home. For a flat purchase only a small ground rent plus a service charge will be payable.

Instead, when you come to sell your house or flat, you will be required to pay to the CPT a sum equal to the CPT's Percentage of the open market value at that time. You will also be required to pay to the CPT part of the rise in open market value of your own share of the home to cover the CPT's costs in providing and funding the property and there will be a fee charged for the cost of the transfer. You will be entitled to the remainder to pay off your first mortgage, and to use any surplus to buy your next home.

Because the CPT wishes these properties to remain available for local people who need them, there is also a separate Pre-Emption Agreement which obliges you, when you wish to sell the house within 21 years, to offer it first to the CPT at a price equal to the Open Market Value at that time. If the CPT wishes to purchase it back from you, it may ask you to transfer the property to a purchaser it chooses.