



## Equity Sharing Scheme 2019

### 1. Title and aim of the scheme

This scheme is intended for those applicants who are unable to purchase their residence without the help of Housing Authority. The Scheme, entitled Equity Sharing Scheme will apply for persons over the age of twenty-five (25), who intend to buy their residence by purchasing at least fifty per cent of the property whilst the rest will have to be purchased by them at later stage. On the other side, the Housing Authority will purchase itself the remaining portion not purchased by the applicants which should not be more than fifty percent of the property. After twenty (20) years, the applicants will be obliged to purchase the Housing Authority's share by paying the same price paid by the Authority Housing.

APS Bank plc, subject to all bank's criteria being satisfied, will be granting applicants a maximum loan up to €200,000 to purchase a property in finished and habitable state or in shell form state which can be rendered to a habitable state at the total expense of €250,000 and €350,000 where aspiring buyers are aged 40 years and over and purchasing the remaining share of their former matrimonial home from their previous partner at law. In cases where the maximum property value is between €300,000 and €350,000, the Bank reserves the right to unilaterally assess and approve applications for properties within this range, based on the Bank's internal sustainability criteria. The Bank's decision in this regard shall be final.

### 2. Definition of terms.

Throughout the Notice unless the context otherwise requires:

- (a) "Advert" means Advert which appears in the Government Gazette of the 21<sup>st</sup> May 2019;
- (b) "applicant" means a person who applies under this scheme and when application is made by two applicants jointly, shall include all applicants in solidum;
- (c) "the Authority" means the Housing Authority established by Article 3 of the Housing Authority Act, (Cap 261);
- (d) "aggregate annual income" has the same meaning assigned to it in clause 9 of this Scheme;
- (e) "basic year" means the calendar year immediately preceding the year in which an application under this Scheme is made and with reference to clause 9;
- (f) "bank" and "financial institutions" have the same definition given to it in the Act of Commercial Banking (Act No XV of 1994);
- (g) "beneficiary" means every person who benefits under this Advert.

In this scheme, the singular shall import the plural and the masculine shall import the feminine.

### 3. Conditions of the scheme

- (a) The Housing Authority will finance between twenty thousand and hundred thousand Euro (€20,000 - €100,000) for the purchase of the property which should not exceed the two hundred and fifty thousand Euro (€250,000) and three hundred and fifty thousand Euro (€350,000) where aspiring buyers are aged 40 years and over and purchasing the remaining share of their former matrimonial home from their previous partner at law. In this way, the Housing Authority becomes a part-owner of the same property.
- (b) Only in the cases of aspiring buyers aged 40 years and over purchasing the remaining share of their former matrimonial home from their previous partner at law, the property should not exceed three hundred and fifty thousand Euro (€350,000). The purchase of properties valued between €300,000 and €350,000 will be reviewed at the Bank's absolute discretion. The Bank reserves the right to unilaterally assess and approve such applications based on its internal sustainability criteria, and the Bank's decision in this regard shall be final. In these instances, the Housing Authority's share will remain at maximum of €100,000.

In cases where the maximum property value is between €250,000 and €300,000, the applicant must be aged 40 or over and the property to be acquired is the applicant's matrimonial home, with one party already owning part of the property and a copy of the public deed of personal separation or final Court Decree of separation or divorce, as the case may be, are provided.

- (c) The applicants will be obliged to finance from their personal assets, at least ten percent (10%) of the price of the property which will be acquired by means of this scheme.
- (d) Applications for the purchase of property exceeding the two hundred fifty thousand Euro (€250,000) in value, and three hundred and fifty thousand Euro (€350,000) where aspiring buyers are aged 40 years and over and purchasing the remaining share of their former matrimonial home from their previous partner at law will not be considered. The Housing Authority reserves the right to inspect the property to ascertain its value.
- (e) The Housing Authority shall not oblige the applicants to buy back the investment that the Housing Authority would have made in the purchase of residences before twenty (20) years from the date of sale contract, even though the applicants would be able to do this before the expiry of twenty (20) years. After twenty (20) years, the Housing Authority shall have the right to gather information regarding the assets and income of the applicants. To this effect, the applicants authorise the Housing Authority to obtain all information from banks/entities with regards to investments of the same applicants. This is done to establish whether the applicants would be in a position to be eligible for another loan to purchase the share that the Housing Authority would have in their residence.
- (f) In the event, that after the lapse of the twenty years from the date of the deed of purchase the applicants will not be in a financial position to purchase the Housing Authority's share, the children or the heirs of the applicants (with the written consent of their parents in the event that they will be still alive) will be given the opportunity to do so and this in the absolute discretion of the Housing Authority. Alternatively an agreement could be made between the Housing Authority in its absolute discretion, and the applicant, according to conditions laid down by the Housing Authority, so that the amount due will be paid by means of instalments within

established periods. In this eventuality, the value of the share of the Housing Authority after twenty (20) years, shall be increased to reflect the rate of inflation of the last twenty (20) years.

- (g) If the applicants die before they would have purchased the remaining share, the heirs of the applicants can purchase the remaining share from the Housing Authority after the Authority carries out the necessary verification on the testamentary searches produced by the same heirs or by the Authority if the heirs fail to produce them.
- (h) If the applicants or their title in succession fail to purchase the remaining portion within the twenty (20) year period from the date of contract and also fail to enter into an agreement with the Housing Authority so that the amount due is paid by means of instalments after the lapse of the twenty (20) years, the applicants will be obliged to pay an annual or monthly amount of money established by the Housing Authority in its absolute discretion, to cover compensation for occupation of undivided share not purchased by them. The Housing Authority reserves the right to impose additional obligations on the undivided share of the property not purchased by the applicants.
- (i) The property, which is to be purchased by the applicant, should be built in accordance with building regulations and planning permits, be in a finished and habitable state, or in shell form as long as the purchase price and the amount of the necessary finishing do not exceed €250,000 and €350,000 where aspiring buyers are aged 40 years and over and purchasing the remaining share of their former matrimonial home from their previous partner at law.
- (j) The property which qualifies under this scheme should be used and occupied by the applicants exclusively as their ordinary residence.
- (k) In case of finished properties, applicants must occupy the property purchased, within six (6) months from the date of deed whilst applicant purchasing properties in shell form, these should occupy the property within two (2) years from the date of the deed.
- (l) As long as the Housing Authority is a co-owner with the applicants, the applicants are to be held fully responsible for any necessary ordinary and extraordinary maintenance works and/or repairs.
- (m) As long as they do not become the absolute owners of the property purchased, the applicants or their title in succession must not rent or transfer the property under any title to third parties not even by mere tolerance. They should not allow third parties to occupy the immovable property under any title even if by gratuities or by mere tolerance.

In the eventuality that the applicants wish to transfer to third parties the property before they would have become the sole-owners of the property, they have to inform both the Housing Authority and the Bank that they have entered into a promise of sale at least two months before the final deed of sale. The applicants cannot sell their share of the property if the share of the Authority on the property is not included in the sale. In order for the sale to take place, the applicants need the written consent of the Housing Authority. On the deed of sale the Authority will have the right to the proportion of the sale price depending on the share that the Housing Authority would have invested in the purchase of the property, and this whole process is verified by an architect of the Housing Authority. In any case, the value of the property should not be less than the price with which the Housing Authority would have acquired its share of the property. It is in the absolute discretion of the Housing Authority to agree with the price of sale

to third parties before such sale takes place, therefore the sale price to third parties must be agreed to between the Housing Authority and the beneficiary.

In the eventuality that the property would have not been purchased in a finished state therefore the applicants would have carried the finishing works from their own expense, the applicants should be reimbursed for the works/improvements carried out to render the property into a finish state. The works/improvements are to be calculated by an architect appointed by the Housing Authority after verifying the receipts of the finishing works. Once the value of the works are deducted, the share of the Authority should not be less than the share that the Housing Authority would have invested in the purchase of the property.

- (n) As long as the applicants are not the absolute owners of the property purchased under this scheme, they will not be allowed to re develop or carry out any modifications to the property or any part of it.
- (o) Any risks deriving from the property or its whereabouts, on the property, from third party property or on third parties, should be the responsibility of the applicant with the exclusion of the Housing Authority.
- (p) The loan facility is only granted by APS Bank plc if all Bank's established conditions and criteria are satisfied. The decision of APS Bank plc in this regard should be final.
- (q) The loan facility granted to applicants shall be for a maximum period of forty (40) years, provided the loan facility is fully repaid by the age of sixty five (65).
- (r) The applicants shall settle the established monthly repayment contribution through a direct credit from their Current Account opened with the APS Bank plc for the credit of their salary to the Loan Account – the Authority should be notified immediately when the applicant is in default in his payments.
- (s) The Housing Authority reserves the right to impose further obligations on applicant in case of default on the loan or part of the loan by applicants so much so that the Housing Authority will be obliged to settle the loan on behalf of applicants. The Housing Authority reserves the right to register a General Hypothec on the applicants' property in general, be it present and future, together with a Special Hypothec on the share of the property purchased under this scheme in observance of all the conditions of this scheme and the deed signed by the same applicants.

#### **4. Valid applications**

In cases where the Housing Authority feels that the residence that is about to be purchased is very expensive, it reserves the right to send an architect from the Housing Authority in order to make a valuation of the property. The Housing Authority reserves the right to refuse any application.

#### **5. Who can apply**

The following categories of persons, who on the date of the first publication of this advert in the Government Gazette, can apply under this scheme:-

- (a) one of the applicants must be 25 years old on date of application in case of married couples / two persons who have entered into a Civil Union;
- (b) single parents over 25 years of age with an unmarried son/daughter or unmarried children living with him/her;
- (c) one of the applicants must be over 25 in case of two persons applying jointly;
- (d) single persons aged 25 years or over;
- (e) legally separated persons over 25 years of age without children living with her/him the whole time.

## **6. Method of application**

- (a) A person who qualifies under this Scheme shall submit an application on the prescribed form and shall deliver same at the Authority during the prescribed times.
- (b) The prescribed forms can be collected from the offices of the Housing Authority 22 Pietro Floriani Street Floriana, Malta and from the Housing Authority branch 74 Office 5 Level 3 George Borg Olivier Street Victoria, Gozo or from the Housing Authority website.

## **7. Validity of the application.**

To be valid the application must satisfy the following requirements:-

- (a) the application must be made on the prescribed form and must be duly and completely filled;
- (b) the application must be signed by all applicants;
- (c) the application must be presented personally by the applicant, together with all necessary documents;
- (d) the application made by a married / two persons who have entered into a Civil Union but separated person or made by a person whose civil status has been changed after the marriage/Civil Union must be accompanied by an authenticated deed of separation or by a Decree of the Competent Court.

## **8. Qualifications to apply**

On the date of publication of this Advert in the Government Gazette, the applicants should in all circumstances satisfy the following criteria:-

- (a) applicants are Maltese Citizens and citizens of the EU. EU Citizens must be acquiring their first residence and must satisfy the criteria issued by any Authority and/or by the Office of the Prime Minister. In the case of married couples / two persons who have entered into a Civil Union and who are not legally separated, one of the couple must be Maltese Citizen;

- (b) single applicants, and in case of two applicants applying jointly, married couples / two persons who have entered into a Civil Union, at least one of the applicants should be gainfully employed on full time basis, for at least one year from date of publication of the scheme.
- (c) applicants have been permanently residing in Malta for at least a year in the previous eighteen months;
- (d) during the preceding year of application, the yearly income should not exceed the following maximum thresholds for both individuals and joint applicants:-

25 - 29	€20,000
30 – 34	€25,000
35 – 39	€30,000
40 +	€40,000

- (e) do not have immovable unbuilt property either in whole or in part ownership, either on their own or in partnership, on absolute ownership on perpetual emphyteusis and on which a building permit for habitation purposes has been issued or could have been issued by the Planning Authority;
- (f) do not have in full ownership or in part ownership, either alone or together with others, premises suitable for habitation purposes or on perpetual emphyteusis or on temporary emphyteusis of more than 40 years duration from the date of original constitution of the emphyteutical grant of the said temporary emphyteusis;
- (g) do not possess holdings or shares in any commercial body which after the date of the first publication of this Advert in the Government Gazette has immovable property or as mentioned in the two preceding subparagraphs;

However an applicant will not be disqualified for the simple reason that he/she possesses property as detailed in paragraphs above, if in the absolute discretion of the Housing Authority, the occupied premises are not adequate for accommodation of the applicant/s and his family, or because of legal, technical or logistic problems cannot be used for habitation or disposed off in a relatively short period so as to ascertain its value.

The Chairman of the Authority may consider as unacceptable, any declaration of income of the applicants if, in his absolute discretion, he decides that this is incorrect or untrue.

## **9. Annual aggregate income**

For all purposes of the application, calculation of the aggregate annual income of applicant shall be as follows:-

- (a) the gross income from any occupation, salary and/or other social benefits (excluding overtime, children's allowance and any other disability allowances) earned by the applicants during the basic preceding calendar year. When the application is made by two applicants the gross income of both applicants is taken into consideration.

- (b) the applicant's income during the basic calendar year from capital assets such as; bank deposits, stocks, shares, rents, investments in commercial enterprises, other investments in property, including capital gains;
- (c) from the gross annual income of a separated person any amount paid to the other part as alimony will be deducted. This amount will be deducted after a document is provided, signed by the lawyers of both parties, with a declaration that the official amount as declared in the Deed of Separation is in fact being paid.

## **10. Disqualification**

Persons shall not qualify to make an application under this scheme if:-

- (a) the aggregate annual income exceeds the amount as laid down in Clause 9 (d) and/or;
- (b) they are not legally separated;
- (c) from assets, applicants cannot finance ten percent (10%) of the price of the property being purchase by means of this scheme;
- (d) the applicant is not gainfully employed on full time basis and/or has not been gainfully employed on full time basis during the year preceding the date of the publication of this scheme in the Government Gazette.

## **11. Transfer of property**

If the applicants wish to transfer the property to third parties before they would have become the sole-owners of the property, the transfer has to be done only to the Housing Authority where the latter would reimburse the applicant the same amount paid on contract when acquiring their share.

During the time that the beneficiaries are not the sole-proprietors of the property, in other words, they would not have purchased the Housing Authority's share of the property, they are not permitted to rent the property to third parties or in any way transfer the property to third parties. They cannot allow third parties to occupy these premises not even on mere tolerance or by gratuitous title but are obliged to use the property solely as their residence. The beneficiaries are obliged to maintain the residence in a good state of repair during the whole time. The beneficiaries would be bound to live in the residence and use it as their ordinary residence for at least twenty (20) years from date of purchase of their share. The beneficiaries cannot carry out any structural alterations in the property without obtaining the written approval from the Housing Authority.

## **12. Information**

The Authority may require the applicants to sign and confirm any declaration in any form even under oath it may consider necessary for the carrying out of this Scheme.

## **13. Penalty for false information**

If at any time, it results that applicants have made a false declaration or given incorrect information/documents for the purposes of any application, without prejudice to any penalty for which they may have become liable under any other law, applicants shall be liable to the payment to the

Authority, of a fine which the Authority deems fit . They will also be disqualified for a period of five (5) years from benefiting from any scheme made with the approval of the Minister responsible for Housing, and shall forfeit the right to any benefit under this Scheme.

Incorrect or false declaration/documents may also lead the applicant to the commencement of criminal procedures against him.

#### **14. Administrative charges and abandoned applications**

- (a) Each application for assistance under this Scheme shall be lodged to the Authority and that application shall not be accepted unless accompanied by the sum of twenty Euros (€20) as an administrative charges and together with all the necessary documents. Additionally, the applicant shall pay a charge to cover expenses on researches to be carried out by the Housing Authority on the applicant on his/her behalf.
- (b) Where any applicant under this Scheme stops the processing of the application, the application shall be deemed to have been abandoned and any expenses and deposits incurred by the applicants in connection with their application, shall not be recoverable by the applicants whether or not their application is successful. These deposits are not refundable for any reason.

#### **15. Right of refusal**

Notwithstanding anything contained in the foregoing provisions of this Scheme, the Authority shall have the right to refuse any application.

#### **16. Duration of scheme**

This Scheme shall remain in force for a period of one year from the date of its publication in the Government Gazette, and shall be automatically renewed for a further period of one year unless a notice to the contrary is published in the Government Gazette indicating that the scheme has been withdrawn.

#### **17. Interpretation**

In case the Maltese text differs from the English text, the Maltese text will prevail.

#### **18. Amendment of scheme**

The Authority shall have the right to make any amendments to this Scheme by publication of the said amendments in the Government Gazette. Such amendments may be made applicable retroactively. No amendments shall subject the Authority to an action for damages or any other legal action. The conditions of this scheme should form an integral part of the deed and in case were the conditions of this scheme are different from the conditions indicated in the deed, the conditions which are most favourable to the Authority are to be applied.