

CONDITIONS OF SALE

1. Applications

- Applications to purchase a flat at Chatham Views can be done:
 - by submitting an Application Form included with the brochure; or
 - online at www.chathamviews.gi.
- All sections of the application form must be accurately completed. HM Government of Gibraltar (“HMGoG”) reserves the right to reject any application form submitted with either incomplete or incorrect information.
- Completed application forms must be inserted into the application box at the Chatham Views Showroom, 3B Rosia Road, Gibraltar by no later than midday on 30th September 2019.
- Flats are offered as shown in outline plans. It is HMGoG’s intention to adhere to these plans, but variations may occur if deemed necessary for the success of the project.
- The flats are being offered for sale at the prices shown on the published lists.
- Applicants should ensure that they have the financial means to complete the purchase before submitting their application.
- Applications will not be considered until the above-mentioned closing date. Properties will therefore **NOT** be allocated on a first-come, first-served basis.
- Applications received after the closing date will **NOT** be accepted.

2. Eligibility and Allocation

- The allocation criteria have been established by HMGoG to derive the maximum fairness in allocation.
- Applicants are not allowed to own any other property at the time that they complete their purchase.
- Those applicants wishing to buy a flat on a 100% basis will derive no advantage or priority in the allocation process.
- Subject to availability, applicants may be able to apply to purchase a flat with one more room than what they would be eligible for according to the criteria of the Housing Allocation Scheme.
- The flats will be allocated in the following order of priority:
 - (i) Applicants who release HMGoG rented accommodation.
 - (ii) Applicants on the Housing Waiting List, but excluding those only eligible for a one-bedroom **EXCEPT THAT** if two applicants who are only eligible for a one-bedroom wish to apply jointly as a couple, they will be included in this category and be eligible for a maximum of a three-bedroom.

- (iii) Applicants on the Housing Waiting List eligible for a one-bedroom. Applicants would be sorted into groups in order of how long they have been on the Housing Waiting List, and each group would then be sorted by way of a draw.
- (iv) Applicants eligible to apply for HMGoG-rented housing but not on the Housing Waiting List / Applicants who, other than because they already previously owned property, would be eligible to apply for housing / Applicants who are meritorious upgraders (i.e., those requiring larger accommodation because of family composition). This group would be sorted and prioritised depending on their housing needs.
- (v) Applicants wishing to upgrade or transfer from their currently owned accommodation. This group would be sorted by way of a draw.
- (vi) Applicants resident in Gibraltar but not falling into any of the above categories. This group would be sorted by way of a draw.
- (vii) Any remaining apartments will be sold by way of tender to the highest bidder.

IMPORTANT NOTE: Applicants on the Housing Department Waiting List will have their Housing Application temporarily suspended until such time as they are allocated a property at Chatham Views.

3. Shared Ownership or Co-Ownership

- This development will benefit from HMGoG’s Co-Ownership Scheme. Successful applicants will therefore have the option of purchasing either 50% or the full 100% of the property should they so wish.
- The minimum share that will be permitted to be purchased will be 50%.
- When submitting your Application Form, you will need to specify what share, either 50% or 100%, you will be intending to purchase.
- Any share held by HMGoG under the Co-Ownership Scheme can be bought at any time by the owner after completion in tranches of 10%. The value of the share will increase from the cost price by 8% per annum calculated monthly for the first ten years from the date of completion; thereafter HMGoG’s share will be sold at the higher of: the cost price increased up by 8% per annum calculated monthly from the date of completion to the time that the share is to be purchased, or a sum to be determined by HMGoG’s surveyor in his absolute discretion at the time that the share is to be purchased (this sum will be close to, but below, market value).

4. Re-sale Restrictions

- These properties are being sold at fixed prices. There will be a large element of public subsidy in the sense that:
 - the development enjoys co-ownership scheme arrangements for purchasers;
 - the properties are being sold at cost with no developer’s profit; and
 - the prices make no provision for the value of the land because HMGoG is not charging a premium for the value of the land, thereby ensuring the lowest possible price.
- Accordingly, to avoid speculation, and in recognition that HMGoG is undertaking this project to enable purchasers to acquire a home to live in, there will be certain re-sale and occupation restrictions. In light of problems experienced with other subsidised-housing estate, the restrictions have been reviewed to ensure there is no speculation or other abuse and are now as follows:
 - (i) Re-sales will not be permitted within the first three years from the date of completion by an initial purchaser except (1) by a licensed financial institution in its capacity as mortgagee, or (2) by an owner

who has genuine and compelling family circumstances for proceeding with a sale (sales under this criterion will be at HMGoG's absolute discretion). In the latter case, HMGoG will be entitled (at its absolute discretion) to retain up to 75% of any profit made on such a sale.

- (ii) In the event that a property is owned on a 100% basis for a period of at least 2 years prior to first resale, on the first resale HMGoG is entitled to a share of the profit, as follows:

Sale from Year 4 to Year 5	40% of profit
Sale from Year 6 to Year 7	30% of profit
Sale from Year 8 to Year 12	20% of profit
Sale from Year 13 onwards	10% of profit

The reference to years in the above table is to years from the date of completion by the initial purchaser.

- (iii) In the event that a property is owned on a co-ownership basis or a property has not been owned on a 100% basis for a period of at least 2 years prior to first resale, from the fourth year from the date of completion by an initial purchaser onwards, first resales are allowed subject to the following conditions:

- o HMGoG agrees the price;
- o HMGoG has the first option to purchase at the proposed resale price;
- o HMGoG is entitled to a share of the resale profit, as follows:

Sale in Year 4	70% of profit
Sale in Year 5	65% of profit
Sale in Year 6	60% of profit
Sale in Year 7	55% of profit
Sale in Year 8	50% of profit
Sale in Year 9	45% of profit
Sale in Year 10	40% of profit
Sale in Year 11	35% of profit
Sale in Year 12	30% of profit
Sale in Year 13	25% of profit
Sale in Year 14	20% of profit
Sale in Year 15	15% of profit
Sale in Year 16 onwards	10% of profit

The reference to years in the above table is to years from the date of completion by the initial purchaser.

- (iv) The payment of any percentage of profit as set out above will only apply to the first resale by initial purchasers of these properties. Subject to compliance with any anti-avoidance provisions in the underlease, any subsequent sales of these properties should not attract the payment of any part of the profit made.
- (v) Where a property is bought on a co-ownership basis, subsequent purchasers who do not purchase 100% will have to purchase a percentage of HMGoG's share in the property, as follows:

On a first resale	40% of HMGoG's share
On a second resale	40% of HMGoG's share
On a third resale	20% of HMGoG's share

- (vi) Resales will only be allowed to persons who satisfy the provisions of the Housing Allocation Scheme, or such other criteria which may be established by HMGoG from time to time.
- (vii) Subject to paragraphs (ii) and (iii) above, these resale restrictions will continue to apply regardless of whether any or all of the remaining share held by HMGoG is subsequently purchased by a co-owner.

- There will be anti-avoidance provisions to mitigate any avoidance of the profit sharing arrangements described above.

5. Conditions of Occupation

- Flats will be sold on the basis that they must be occupied by their owners.
- Flats must be occupied by owners as his/her/their only residence and may not be left vacant for more than 60 days in any year (except without previous HMGoG consent being obtained).
- Flats can only be occupied by the leaseholders, their immediate families and/or their spouses/partners.
- Flats cannot be sub-let, licensed, shared or lent.

6. Viewing, Allocation and Contract

- An exhibition of the project, including models and other images and plans of the development, are available for viewing Mondays to Fridays from 8.30 am to 3.00pm, from 7th August 2019 to 30th September 2019.
- Applications to purchase must be submitted by no later than midday on 30th September 2019.
- The allocation process will commence as soon as all applications have been duly processed.
- When a flat is allocated to them, successful applicants must sign a reservation agreement and pay a non-refundable reservation fee of £500 by 3.00pm on the third business day after allocation of the flat.
- Within 10 working days from the signing of the reservation agreement, successful applicants must sign a purchase agreement and thereafter pay monthly instalments of 0.655% of the percentage of the sale value of the flat which they are purchasing until the date that they complete their purchase.
- Neither the right to buy the flat nor the Purchase Agreement are transferable to anyone else.

7. Completion Documentation

- Upon completion, purchasers will receive an underlease by way of assignment for approximately 150 years together with a share in the management company (acceptance of the said share is a condition of the purchase). The management company will own and manage the common areas of the estate and the residue of the underlease.
- The texts of the following documents will be issued to prospective purchasers upon allocation of the property:
 - o Purchase Agreement
 - o Draft Deed of Underlease
 - o Draft Deed of Assignment
 - o Draft Constitution of the Management Company
 - o Draft Co-Ownership Scheme documents (where applicants are buying on a co-ownership basis).

NOTE: These Conditions of Sale are subject to contract and may be changed at any time.