

Sector updates

Shared Ownership and SDLT: Extension of First Time Buyer's Relief

2017 Autumn Budget

The 2017 Autumn Budget introduced a new relief for first time shared ownership buyers but was only available to those who elected to pay SDLT on the full market value in a one-off payment up front. The relief is staggered as follows:

- £0 - £300,000 – nil (i.e. no SDLT is payable)
- £300,000 - £500,000 – 5%

2018 Budget changes

The 2018 Autumn Budget has now given the relief to buyers who do not elect to pay SDLT on the full market value when they purchase their first share and where the market value of the shared ownership property is £500,000 or less. There is no SDLT on interim staircasing but SDLT is payable when any staircasing takes the buyer's share over 80% of the value of the aggregate of the further shares purchased.

Relief is retrospective from 22 November 2017, meaning a refund of tax will be payable to those who have paid SDLT after the 22 November 2017.

For more detail, please follow this link to our briefing note on the new regime: <https://wslaw.co.uk/wp-content/uploads/2018/11/sdlt-and-shared-ownership.pdf>

LIBOR changes

It is increasingly likely that the Sterling Over-Night Index Average (SONIA) will replace LIBOR as the benchmark used in the UK debt market from 2021. A Bank of England working group has been mandated to catalyse a transition to SONIA. Currently there is no set date as to when any transition will happen as work still needs to be done to (amongst other things) assess how SONIA which is a risk free backward looking overnight rate can apply to longer terms and to deal with the fact SONIA doesn't take into account credit risk which LIBOR does.

Some concern has been expressed in the market as to what this may mean for RPs in terms of pricing but at this stage it is too early to say. We would suggest that any RPs with existing funding linked to LIBOR check the fall-back provisions in their documents dealing with what happens in the event LIBOR is unavailable.

Legal updates

Guarantees and protecting security

A recent case (*General Mediterranean Holding SA SPF v QucomHaps Holdings 2018*) is a warning that guarantees are vulnerable to being discharged. A creditor should therefore always include a clause in a guarantee clearly stating that the guarantor's liability will not be reduced, discharged or adversely affected by any act or omission on the part of the creditor or anyone else in taking up, perfecting or enforcing any security, indemnity or guarantee from or against the borrower or any other person.

Futility Principle

In *Astor Management and another v Atalaya Mining plc and others 2018* the Court of Appeal considered the existence of the "futility principle" in contract interpretation, where a condition precedent becomes futile or unnecessary the courts would not insist upon it. It was decided that the issue was not whether the futility principle existed but what it involved. The futility principle reflects "an approach to construction which recognises that in certain circumstances depending on the terms of the contract a condition precedent may, as a matter of construction and in the light of subsequent events, no longer apply or may cease to have effect."

Upcoming seminars

The following seminars will take place in our office near London Bridge and are free to attend.

For more information and to register to attend, please visit wslaw.co.uk/events

Housing Finance Update 24 January, 2019

Charging Update 26 February, 2019

Upcoming conferences

Social Housing Annual Conference 5 December, 2018

We will be hosting the breakfast briefing on 'The rise of shared ownership'. We look forward to seeing you there.



SOME OF OUR RECENT WORK INCLUDES:

Revolving Credit Facilities

Acting for Sovereign Housing Association in several new revolving credit facilities agreed recently, including a £75m RCF with Sumitomo Mitsui Banking Corporation, a £50m RCF with Yorkshire Building Society and a £40m RCF with Handelsbanken.

Charging

Charging properties to Prudential Trustee Company Limited in respect of a £5m private placement from M&G Investment Management Limited to Staffordshire Housing Association. We also acted for M&G on the original private placement.

Capital Markets

We have acted on 8 capital market deals in the past 12 months totalling over £625m. Some of these deals include acting for:

- BAE Systems Pension Funds Investment Management, M&G Investments and Canada Life on several deals;
- Longhurst Group on a Bond deal; and
- Vivid Housing on a private placement deal.

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