

Treasury solutions

Local Authority Mortgage Scheme

Factsheet



What is LAMS?

LAMS stands for Local Authority Mortgage Scheme.

The scheme has been developed as a result of a number of local authorities wanting to take a proactive approach to support their local area, increase the supply of affordable housing and assist first time buyers, who can afford mortgage repayments, to purchase a property.

LAMS is a national scheme and is available to all local authorities and all mortgage lenders and involves local authorities working in partnership with a range of national and local banks and building societies.

How does it work?

Participating local authorities set aside a sum of money to act as a financial indemnity for the partner mortgage lender(s). This indemnity enables the applicant to apply for a mortgage with only a 5% deposit as opposed to the deposits of around 20% to 25% now required by most mortgage lenders.

This indemnity also enables the applicant to obtain similar interest rates to those offered to people with a higher personal deposit.

Who can apply for a mortgage under the LAMS?

The scheme is only available to first time buyers. A first time buyer is a person that has never had a mortgage or owned a property. If you are applying as a couple, and only one of you is a first time buyer, then you are still eligible to apply.

The scheme is aimed at first time buyers who can afford mortgage repayments but not the high deposits now required. All applicants will need to have a 5% deposit (ie 5% of the purchase price of the property).

What other checks are undertaken?

All applicants will need to meet the strict lending criteria undertaken by the partner mortgage lender(s). This will include credit, affordability and verification checks. House valuations will also be undertaken.

Does the scheme mean I can buy a house anywhere in the country?

The scheme is currently available in only a small number of local authority areas but the number is increasing all of the time. If a local authority is participating in the scheme, this means that they will have produced a full list of all qualifying post codes which means that they have clearly stated the properties that are included in the scheme.

The partner mortgage lender(s) will be able to confirm whether a property is included or excluded from the scheme.

Does the scheme mean I can buy a house for any value?

The local authority will have set a maximum limit for the mortgage that they are willing to indemnify under the scheme. This means that there will be a clear limit of how much you can borrow under the scheme? The partner mortgage lender(s) will be able to confirm this limit for you. In addition, the partner mortgage lender(s) will undertake affordability checks.

How do I know if my local council is participating in the scheme?

Contact your local authority / local council's customer services department and ask if they are participating in the Local Authority Mortgage Scheme. If they are, they will be able to advise you about the name of the partner mortgage lender(s) and direct you to the local branch.

What should I do if I am interested?

1. Contact your local authority / local council and ask if they are participating in the Local Authority Mortgage Scheme (LAMS)
2. Ask for the name of the partner mortgage lender(s) and the address of the local branch
3. Contact the partner mortgage lender(s) for further information about applying for a mortgage and for confirmation of:
 - The qualifying post codes ie, the properties included in the scheme
 - The maximum amount that can be borrowed under the scheme.

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Who is Capita Asset Services and what is our role?

Capita Asset Services is the trading name of Capita Treasury Solutions Limited and is the administrator of the national scheme. Capita Asset Services supports Local Authorities in the setting up and implementation of LAMS. We do not advise on regulated mortgage contracts and all such advice will be provided by the participating mortgage lender.

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