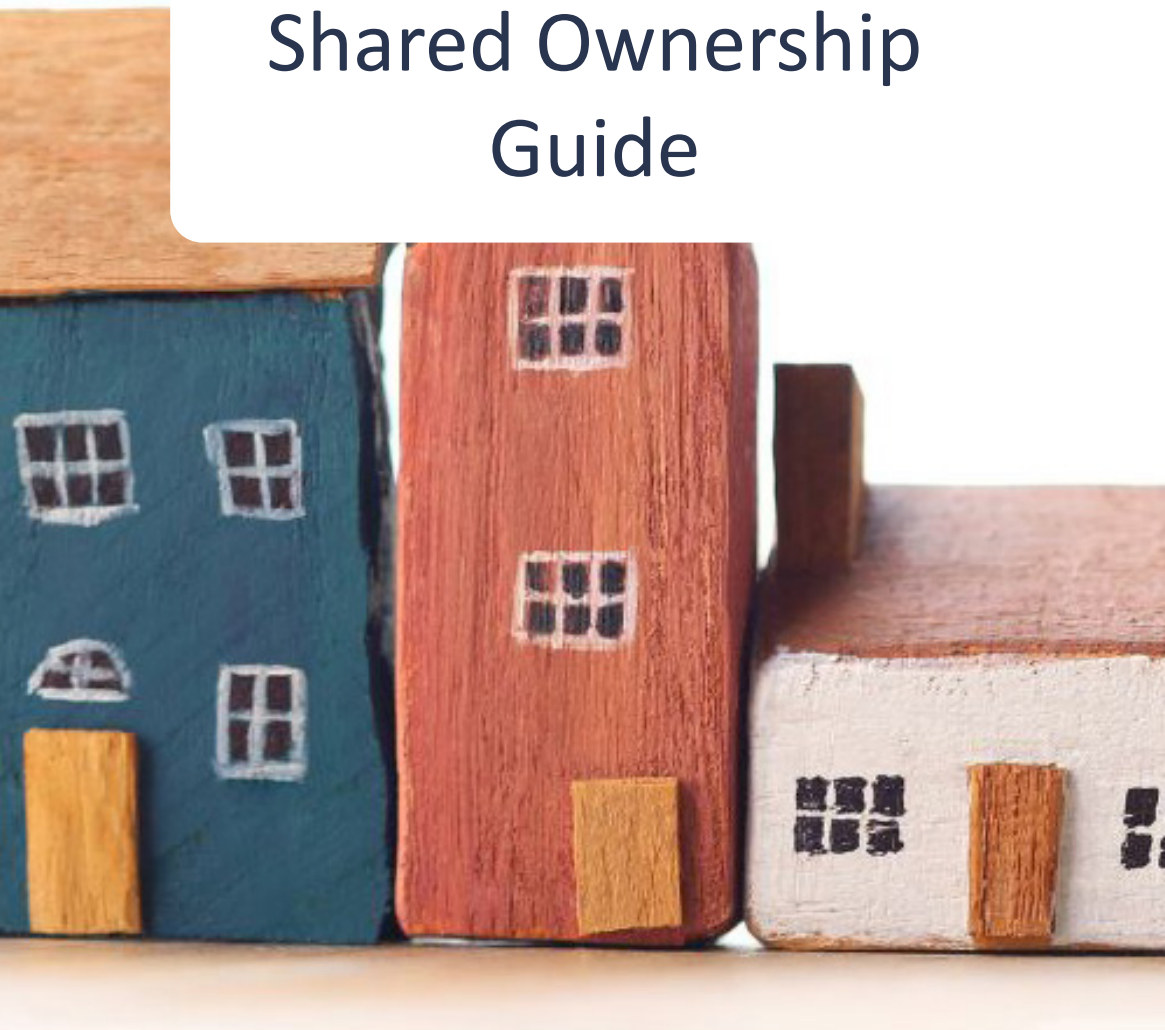





Shared Ownership Guide





What is Shared Ownership?

Shared Ownership is an affordable solution to help people buy their own home.

If you are unable to buy a home on the open market, Shared Ownership enables you to buy in stages that you can afford – you buy a share in your home and pay a rent on the remainder, usually to a housing association. You can normally buy between 25% to 75% initially and you usually have the option to buy more shares over time, until you own all the property, if you wish.

Shared Ownership has been operating for more than 40 years. It is an established scheme that has helped hundreds of thousands of people to buy their own home. The scheme is Government backed and regulated and is offered all over the country.

Who is eligible for Shared Ownership?

Shared Ownership is for people who can not afford to buy a home outright. Your total household income must be under £80,000. The scheme is usually aimed at first time buyers looking to take their first step on the property ladder. If you already own a property, you will need to sell it and demonstrate that you can not afford to buy a home outright.

You will be asked to have a financial assessment by an independent financial advisor to check you can afford the purchase. Unless you have sufficient savings, you will need to be eligible for a mortgage and be able to demonstrate how you will cover the ongoing costs of home ownership. You will be asked to buy the largest share that you can reasonably afford to buy.

You will need to register with your local Help to Buy agent. The agents are appointed by

the Government to carry out an initial assessment, to ensure you meet the basic eligibility for Shared Ownership. You will be asked to complete an application form, to tell the agents about your circumstances. This is to protect the public funds invested by the Government and ensure Shared Ownership is helping those in need, to find a home.

Sometimes Shared Ownership schemes will be targeted at groups considered to be a priority by the local authority – this may mean applicants who already live or work in the area will get priority or other groups considered to be most in housing need.

Priority is usually given to Armed Forces personnel either actively in service or having served within the last 2 years. Also, to the widows or widowers of Armed Forces personnel, killed in active service.

What is a Shared Ownership lease?

All Shared Ownership homes have a lease – this is a legal document which sets out your rights and responsibilities as a shared owner. It also sets out our rights and responsibilities, so both sides are clear on the terms up front.

The lease grants you the right to live in and enjoy your home for the term of the lease. Most Shared Ownership leases are for 990 years.

The lease will cover your fundamental rights to buy additional shares in your home and how to sell your share. It will also set out your repairs and maintenance responsibilities and outline the payment of the rent and service charge. Your solicitor should talk you through all aspects of the lease, so you fully understand the legal arrangement you are entering, before you buy.



What are the initial costs of buying a Shared Ownership home?

You will need the following:-



A deposit – you will need at least a 5% deposit to purchase. The good thing is this is 5% of the value of the share you are buying, so it is much lower than 5% of the full value of the property, if you were buying outright.



Mortgage fees - most people need a mortgage to buy their share. Depending on which mortgage product you choose, there could be a product fee. Not all mortgages have a fee, or you can add it to the mortgage, so you don't have to pay it up front. You should shop around to find a product that suits you.



Survey cost – your lender will need a survey to be completed by a local valuer, to check they agree with the property value.



Legal costs – you will need to instruct a solicitor to cover the legal work involved in buying a new home. We can help you find a solicitor who understands Shared Ownership. You should get at least a couple of quotes and check their Shared Ownership experience, to help you choose the right solicitor for you.



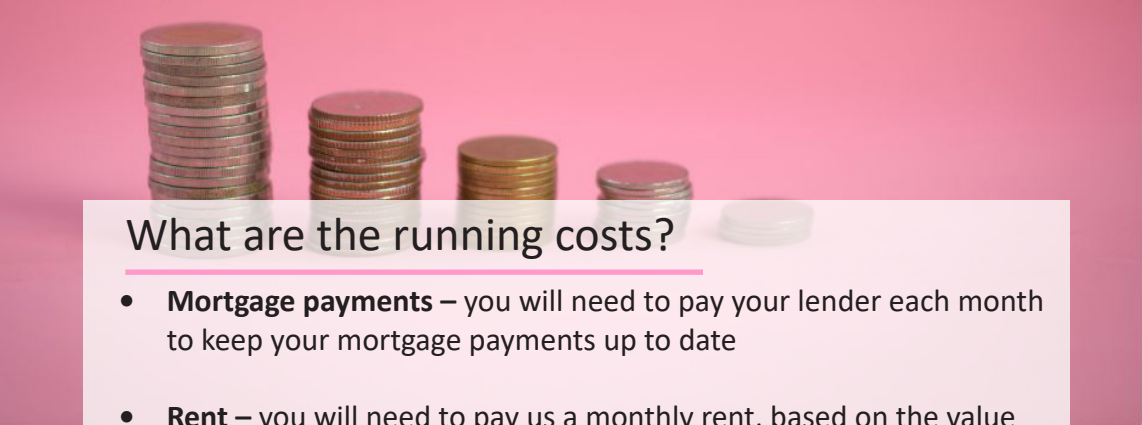
Stamp Duty Land Tax (SDLT) – depending on the value of the home you are buying, SDLT may be due. You should ask your solicitor to advise if any SDLT is due and how much.



Rent & Service charge – you will be asked to pay one month's rent and service charge in advance at the point of buying.



Removal costs & furniture – there can be costs associated with moving into a new home. You may need to pay a removal company to help you move and you may need to buy furniture to furnish your new home.



What are the running costs?

- **Mortgage payments** – you will need to pay your lender each month to keep your mortgage payments up to date
- **Rent** – you will need to pay us a monthly rent, based on the value of the share you have not bought. The amount of rent you pay will reduce, every time you staircase.
- **Service charge** – you will be charged a monthly service charge to cover such items as the building’s insurance, the cleaning and maintenance of communal areas, gardens, lighting, lift (if applicable). Part of the service charge will pay into a “sinking fund” to build up a reserve of money to carry out cyclical works such as redecorating. There will also be a management fee to cover the administrative costs of collecting the rent and service charge. The service charge can be different on houses and flats, and you will be provided with a service charge estimate before you buy.
- **Council Tax** – you will be responsible for paying the council tax due on your home. Your solicitor can help advise how much this will be.
- **Contents insurance** – from the day you buy your home, you will be responsible for taking out insurance to cover all your belongings in your home.
- **Utility bills** – you will need to cover the cost of the electricity, gas and water used in your home. There may be other costs such as a phone line and Wi-Fi connection.
- **Repairs and maintenance** – you will be responsible for all day-to-day repairs and servicing costs to maintain your home. This includes servicing and maintaining the boiler and potential future replacement costs.

How do I buy extra shares?

In most cases you are free to buy additional shares in your home whenever you want (a few schemes can have a restriction*). The process of buying additional shares is called “staircasing”.

The minimum share you can buy is 10%. The maximum is whatever amount is still outstanding – you are free to staircase to 100% full ownership if you wish.

If you decide to staircase, you will need to pay for an independent valuation to find out the current market value of your home. The valuation will determine how much the additional shares will cost to buy. It is important to

remember that property prices can change and the cost of buying additional shares may go up or down.

As you buy more shares in your home, the rent you pay on the remainder will go down.


* Some Shared Ownership developments have a staircasing restriction, which means you can not buy the home outright. This is usually in rural locations to help the homes stay as Shared Ownership in the longer term. If this applies to the scheme you are interested in, you will be made aware of restrictions before you buy.

What if I want to sell my share?

Shared Ownership is very flexible – you can sell your share at any time. You will need to pay for an independent valuation to determine the value of your share.

You will have a clause in your lease called a “nomination

period” which gives us the opportunity for the first few weeks to find another buyer who is eligible for Shared Ownership. If we are unable to find a buyer during that period, you are free to sell your share on the open market.



What are the key steps to buying a Shared Ownership home?

Step 1 – Look out for Shared Ownership homes being advertised on the Help to Buy agents website - www.helptobuyese.org.uk. Contact us when you see a home you are interested in buying, to discuss buying off plan or arrange a viewing.

Step 2 – If you want to proceed, you will need to register with the Help to Buy agent.

Step 3 – You will be asked to have a financial assessment to check you can afford Shared Ownership, but could not afford to buy a home outright. If you pass the assessment, you can pay a reservation fee to reserve the home.

Step 4 – Choose an experienced solicitor to cover the legal work involved in buying a new home.

Step 5 – Find a mortgage that you can afford. Your lender will carry out a survey to check the valuation.

Step 6 – Your solicitor and our solicitor will work together to review all the legal aspects of the buying process. Your solicitor will raise enquiries and carry out local searches to ensure all is in order before you buy.

Step 7 – When both solicitors are happy, your solicitor will ask you to sign the contract and pay your deposit and we will also sign the contract. The signed contracts will be sent to both sides and this is known as “exchange of contracts”. At this point the contract becomes legally binding for both sides.

Step 8 – We will let you know when your home is ready to move in and both solicitors will agree a “completion date”. This will be the date where the funds to buy the home are transferred by your solicitor to our solicitor and on receipt of funds, the home becomes yours and the keys can be released to you.



Saffron Housing Trust Ltd
Saffron Barn
Swan lane
Long Stratton
Norwich
NR15 2XP
Tel: 01508 532000
www.saffronhousing.co.uk