

A step-by-step guide to...

Help to Buy

Shared Ownership

hastoesales.com



Hastoe
Group

Help to Buy Shared Ownership

(part buy, part rent)

If you want to buy a home of your own, but don't quite have enough money to do so, shared ownership could be a good option for you.

We've written this guide to answer the most frequently asked questions about shared ownership.

If you don't find what you need here, please call our sales team on **0800 783 3097** or email **sales@hastoe.com** for further information.

What is shared ownership?

Shared ownership is a scheme designed to help those who wouldn't otherwise be able to purchase a home of their own. This may be because you can't meet the full mortgage repayments, save a sufficient deposit, or both. With shared ownership, you buy a percentage of your home and pay a reduced rent on the share you don't own.

When your finances allow, you may have the option to buy more shares until you own your home outright. This is called staircasing.

Some of our rural developments have restricted staircasing to ensure the property remains affordable for future generations of local people.

How does shared ownership work?

You will buy a percentage share of a home, independently priced at market value. Depending on your ability to pay, your initial share may be as little as 25%, or as much as 75%. The minimum share you can



buy depends on your household income and savings. Hastoe will charge you rent on the share you don't own plus a service charge. This service charge covers things like buildings insurance and estate maintenance. If you eventually own your home outright, you'll no longer pay rent, but may continue to pay a service charge.

Do I qualify?

If you have an annual household income of less than £80,000 and can afford the cost of a mortgage and rent based on the percentage available, then you may qualify for shared ownership. You'll also need



to be able to secure a mortgage with an approved lender and have a minimum cash deposit of between 5% and 15% of the share value, plus approximately £4,000 of savings to cover additional costs, such as solicitors' fees.

Who gets priority?

Priority for our shared ownership homes is given to Ministry of Defence personnel. If no priority household succeeds in securing the property, it will be made available to all other applicants who meet the buying criteria. This criteria is often specific to each individual housing development.

Rural priority

If you're interested in one of our shared ownership properties in a rural area, it is likely that you'll need to prove a local connection to the parish in which the homes are built, or the surrounding areas.

Generally, a local connection means you:

- Are currently a resident in the parish
- Were a resident in the parish but were forced to move away because of a lack of affordable housing in the area

- Have close family who live in the parish (mother, father, son, daughter, brother or sister)
- Have permanent employment in the parish.

A close connection to a neighbouring parish may also make you eligible. We may ask the parish council to verify the local connection information you provide.

NEXT:

6 steps to buying a new home.

6 steps to buying a new home

STEP 1

Registering

If you would like to apply for a shared ownership home, you'll need to register with the Help to Buy Agent for your area, by visiting www.helptobuy.org.uk. Once your application is approved, you can search the Help to Buy database for available properties.

STEP 2

Applying for a Hastoe home

You'll need to complete an application form. Please visit www.hastoesales.com.

STEP 3

The Offer

We'll carry out an affordability assessment based on the information you provide within your application form. The assessment helps us to decide what share you could realistically buy, without borrowing more than you can afford. If you're successful, you'll be offered a share of the property,



which will be between 25% and 75% of the property's market value.

Our sales team will send you an offer pack containing an 'acceptance of offer' form. To accept, you will need to complete and return this to us within one week, with the details of your chosen lender and solicitor, and a reservation fee of £500.

You'll also be required to provide the following documents:

- Help to Buy registration number
- Copy of your current passport or driving licence
- Proof of your existing address – e.g. council tax, utility bill
- The last three month's original bank statements
- Recent council tax bill or 3 months' utility bills
- Proof of deposit. If the deposit is a gift, then we'll need a letter stating this from the person gifting the money to you
- The last three months' pay slips (or two years audited accounts if self-employed)
- Housing waiting list number (if applicable).

Once we are in receipt of all the paperwork, we'll instruct our solicitors and set up a deadline to exchange contracts within 28 days, by way of a Memorandum of Sale (MOS). The MOS contains details about the sale and is sent to you, your solicitor, your financial advisor and/or lender and our solicitor.

Offer of a property - resales

Once you have found a property you wish to buy, we'll send you



an offer pack which contains an 'acceptance of offer form', which you'll need to complete and return within the stated time frame.

We don't require a reservation fee on re-sale properties. We'll then issue a sales pack and MOS to the seller's solicitors who in turn will contact your solicitor to manage the sale process through to exchange and completion.

STEP 4

Appointing a solicitor

You'll need to appoint a solicitor to carry out your legal work. They will:

- Check the lease and talk to our solicitors about any issues
- Talk to your mortgage lender to make sure everything is in place
- Carry out 'searches' to check we own the home we are selling to you and that there are no known plans which could affect your home in the future (such as new developments or roads)
- Make sure that all the relevant paperwork is in place so the sale can go through.

Solicitors' costs will vary so it's worth checking their fees before you appoint one. We'll prepare a contract which, when signed by you and us, is legally binding.



STEP 5

Exchange of Contracts

When your solicitor has completed the legal work, you'll be given a report with the findings of the searches etc. You'll need to provide your deposit to your solicitor, which is paid to our solicitor on exchange.

Once you've paid your deposit and signed the contract, the exchange of contracts can take place. For the exchange to happen, your solicitor and Hastoe will need a copy of your mortgage offer. The exchange of contract commits you to buying the home and commits us to sell it. Completion will happen on a date agreed by you, Hastoe, and both solicitors. This could take anything from a day to a week from the exchange of contracts. Upon completion, you'll be expected to pay the first month's rent and service charge in advance.

For new build properties, you may be expected to 'exchange on notice'. This means the sale is legally agreed and the completion

date will be set once your home is completed and Hastoe has taken handover.

STEP 6

Completing and moving in

If your home is still being built when you buy it from us, we'll let you know when it is ready, and when you can set your moving date. On the day of completion, your mortgage funds are transferred from your solicitor to ours, who in turn will notify us that completion has taken place, we will then make arrangements for you to collect the keys or for them to be sent to you.

When moving into your new home, you'll be given a handbook which contains all the instructions for such things as the kitchen appliances. It will also cover all the information you need about what responsibilities you have as the home owner, and ours as your landlord. You need to take meter readings on the day of completion so that you can give these to your electricity, water and gas suppliers.



NEXT:

What are the costs involved?

What are the costs of purchasing?

How much money do I need?

Your household income should be sufficient to meet the costs of shared ownership, but not enough that you could afford to buy a property outright on the open market. You'll need access to at least £4,000 in savings to cover the costs of the buying process. This will include:

Reservation fee

When you are offered a new build property by Hastoe we'll ask you to pay a £500 reservation fee. This fee is deducted from the final purchase price when you complete. This is not required for re-sale properties.

Mortgage costs

Your lender will arrange to value the property to check it's worth the funds they're lending to you. This cost varies from lender to lender, but will be around £400.

Mortgage arrangement fee

Your mortgage lender will also charge you a fee for arranging your mortgage. Costs will vary depending on your lender and the length and terms of your mortgage. This fee will range from £400 to £1,500 and is not refundable.

Solicitor fees

Typically, it will cost between £600 and £1,000 including fees, searches, land registry fees and expenses. We have a panel of experienced solicitors we can provide details of.

Stamp duty land tax

This is a government tax on buying your home. The rules on stamp duty change from time to time, your solicitor will advise you of current rates.

Deposit

There will be a minimum deposit required by your lender depending on the value of your home. This is usually between 5% and 15% of the share price you're buying.





What are the costs once I have moved in?

You need to consider your costs in three parts – mortgage, rent and service charge.

- Your mortgage payments may go up or down depending on interest rates and the type of mortgage you have
- Your rent is reviewed each year and will increase in line with inflation
- Your service charge is calculated each year and may go up or down depending on the costs of services. You will be responsible for a number of household costs including contents insurance, council tax, water, electricity, gas and other utilities such as broadband, telephone and satellite TV.

What happens if I miss mortgage payments?

Your mortgage is covered by a contract between you and your bank or building society. If you fall behind with your payments, the bank or building society may take possession of your home and then sell it to get its money back.

What happens if I miss rent or service charge payments?

Your rent is a contract between you and Hastoe. If you fall behind with your rent we'll contact you to agree a payment plan. If this fails then we'll contact your lender regarding payment of the arrears and this could be added to your mortgage. Remember, you may be entitled to housing benefit if your income is reduced and we can offer guidance

on where you can go for independent debt advice.

If you remain in rent arrears and no positive action is taken, we may seek legal action, via the courts, to have your lease forfeited. This means you will have to sell the property.

NEXT:
Rights & Responsibilities.
Staircasing.

What are your rights and responsibilities?



When you buy a shared ownership home you take on a Lease and become a Leaseholder. You'll have the same rights and responsibilities as a full owner-occupier.

Who pays for repairs?

If your home is a house, you'll be responsible for redecoration and all internal and external repairs.

We'll insure the structure of your home and you'll have to pay a service charge to cover this and the cost of rent collection. If your home is a flat, you'll be responsible for all internal repairs and redecoration.

We'll undertake to keep the building in good structural repair. We'll also insure the structure and keep any common parts – such as the staircase and corridors – decorated, cleaned and lit.

You'll pay a service charge to cover these costs. We'll tell you how the service charge is spent and will consult you before doing any major repair or maintenance work.

You'll be given a certificate from the National House Builders Council or equivalent. This means the builders are responsible for remedying any defects due to their workmanship or materials which arise in the first 12 months after the properties are handed over to Hastoe and any longer term latent defects for a period of up to 10-12 years.



Do I need permission to make alterations or improvements to my home?

You don't need our permission for redecorating and simple repairs. You'll need to get our written consent before doing more complicated or structural works such as adding a conservatory or extension. If you wish to put up a satellite dish, you must seek our agreement first (due to conditions within some planning agreements).

Can I let or sub-let my home to someone else?

No. Sub-letting the whole property is not allowed, but we do allow our residents to rent out one room or have a lodger.



Increasing your share - Staircasing

How do I buy further shares in my home?

Staircasing enables you to buy a greater proportion of your home. Most people who live in shared ownership properties staircase to reduce the rent they are paying. As the rent is paid on the share that Hastoe owns, by purchasing further shares, the rent is reduced. When you come to sell your home, the greater percentage you own, the more profit you'll make if the value of your home has increased.

How do I staircase?

The first stage in this process is for Hastoe to obtain a valuation from a Registered Institute Chartered Surveyor (RICS), for which you pay the fee. We can provide you with a panel of independent surveyors for you to select from. These usually cost approximately £200. The valuation is valid for three months, and you must complete your staircasing transaction within this period. If not, the property will have to be re-valued. You will need to appoint a solicitor to handle the legal documentation. Once you have completed the staircasing, your rent account with Hastoe will be adjusted accordingly. If you have taken out a mortgage for the share,

you will pay an increased amount to your lender from the day of completion. The cost of your new share will depend on the valuation; if house prices have gone up, it may cost more, but equally, if house prices have reduced in your area, you may pay less for a new share.

What are the costs involved?

There will be a few costs involved in purchasing further shares in your property, including valuation fees, solicitors' fees, mortgage arrangement fees and stamp duty (if applicable). There may also be further costs charged by your mortgage lender. You'll need to ensure you have savings or access to funds to cover these costs.

What happens if I staircase to 100%?

Once you have staircased to 100% you will no longer pay Hastoe any rent. If you own an apartment you'll remain a Leaseholder and as such you're still required to pay your service and management charges etc. If you own a house, the freehold of your home can be transferred to you when you have staircased to 100%. Once this has taken place, you'll no longer be charged for buildings insurance by Hastoe,

so must arrange your own. In some cases, you may still have to pay a service charge to Hastoe if you live on an estate and are responsible for some of the communal costs. Regardless of whether you live in an apartment or house, once you have staircased to 100%, you're free to sell the property on the open market.

Is there any reason why I would not be able to staircase?

Standard Lease

Hastoe will not allow a Leaseholder to complete on the purchase of further shares if they are in service charge or rent arrears.

Rural Exception Lease

Some rural properties have a restriction on staircasing. Should this affect your property you'll have a limit on the percentage you're able to staircase up to. Details of any restrictions can be found in your Lease.

NEXT:

Selling your home
– resales.

What happens when I want to sell?

What do I do if I want to sell?

Before starting the selling process, we like to provide you with as much information as possible using the market and current values in your local area. Therefore, under your instruction, we'll provide you with an indication of the valuation. This service is free of charge and will help you make an informed decision.

This will not give you a precise value, but will give you an indication of demand and whether the average property prices have generally increased or decreased since you originally purchased the property.

If you're happy to proceed, you'll need to pay for a RICS valuation. The valuation figure is not negotiable and is valid for a period of three months. You must confirm you wish to sell within this period to avoid paying extra surveyor fees.

You'll need to obtain an Energy Performance Certificate (EPC) if your property does not already have one on file or is more than 10 years old. Once you have received the valuation report and

an EPC, you need to confirm if you wish to proceed with selling, we will then start marketing your property.

Who can I sell to?

Once the value has been set, your Lease will set out a time period (usually eight weeks) where Hastoe will market your property and then nominate people to whom you can sell your Lease. If the sale to the first person falls through, we offer the sale to the next person, and so on.

If we're unable to find any nominees within this period, you may find a buyer yourself, but they will still need to be approved by Hastoe.

Fees

If a Hastoe nominee buys your house, we'll charge an administration fee detailed in your Lease.

This will be less than you would pay an estate agent. However, if we do not nominate a successful purchaser, there's only an administration charge of £50 +VAT along with the sales pack fee (electronic copy).

Property under offer

Once a suitable buyer has been found, you and the purchaser/s will need to appoint a solicitor to process the sale. The solicitors will raise any questions about the property with Hastoe, as well as prepare the final sale documents.

Exchanging contracts

The exchanging and signing of contracts will be conducted through your solicitors. You'll then be given a date for completion which is when you will need to vacate the property and hand over the keys.

Completion

Completion and the handing over of keys will take place on the date agreed with the buyer. This is the point at which all fees are paid to us, the solicitors and lenders. You'll then no longer be a shared owner with Hastoe.



Sustainable homes,
sustainable communities

Hastoe

 Group

For further details of how shared ownership works, eligibility criteria or properties available please contact sales@hastoe.com or call **0800 783 3097**.

Hastoe Housing Association Limited

Marina House

17 Marina Place

Hampton Wick

Kingston upon Thames

Surrey KT1 4BH

Tel: 0800 783 3097

Email: sales@hastoe.com

www.hastoe.com

