wdh

Your guide to Shared Ownership

If you need this document in another format please contact us.

Your Guide to

Shared Ownership

Delivering Affordable Housing

This guide gives you information about buying a house through the Shared Ownership Scheme offered through WDH.

We are buying properties from private developers under Section 106 of the Town and Country Planning Act 1990 agreement which supports the provision of affordable housing.

Property details and prices are available on request.

See contact details at the back of this leaflet.

Your Questions Answered

What is Shared Ownership?

Shared Ownership is a scheme for people who cannot afford to buy a home outright. You may find it difficult to afford the full mortgage repayments, the deposit, or both. Shared Ownership allows you to buy a share of the property and pay a rent on the remainder. You could qualify for the scheme if you are:

- a social housing tenant;
- on a housing waiting list; or
- a first time buyer.

Why buy through Shared Ownership?

You will own a share of your home rather than paying rent with no financial return. You may find that your combined rent and mortgage is not much more than your current monthly rent. You only buy what you can afford and when you are able to afford it, you can buy further shares in your home.

How does Shared Ownership work?

You will need to raise a mortgage in your own name(s) and any deposit required for the share you want to purchase and you will pay rent on the share you do not own. Rents are calculated to be affordable.

What will I own?

The lease allows you to buy an initial share of 50% up to a maximum of 75% (occasionally we sell a 25% share but conditions apply). You can purchase further shares until you own all of the property.

Please note that before deciding to buy, you should obtain independent financial advice to get a clear idea of the costs and obligations of home ownership.

What does the Shared Ownership lease entitle me to?

Our Shared Ownership lease has been based on an example prepared by the Homes and Communities Agency and accepted by mortgage lenders. It entitles you to live in your home until the lease ends. It states how your rent is calculated, when it must be paid, how you can buy further shares and all the things you and WDH can and cannot do.

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

a. A Valuation Report

Your building society or lender will arrange to have the property valued.

b, Legal Fees

You are advised to appoint a solicitor to help you with buying your share.

c. Reservation Fee

We require purchasers to pay a reservation fee of £200. This is non-refundable in the event of cancellation, or if we withdraw our offer if false or misleading information has been given by you on your application form.

d. Mortgage on the share you are buying

Most banks and building societies will only loan you a percentage of the total required and you will be expected to find the balance. No arrangement fees can be added to the mortgage.

e. Stamp Duty

This is a form of tax on the transfer of property. You should check with your solicitor/licensed conveyancer whether stamp duty is payable at the time of purchase. If stamp duty is payable, you can either pay duty on your share or on the full value of the property. Your solicitor or licensed conveyancer should be able to advise you on which option to take.

f. Mortgage Protection Insurance

You may find that building societies and banks insist that you take out insurance to cover certain risks, for example if you lose your regular source of income as a result of unemployment, sickness or accident. This is Mortgage Protection Insurance.

This information guide does not form part of the lease and is not to be taken into account in the interpretation of any provision in the lease.

How much will it cost to run my home?

Mortgage Repayments

You may need to borrow some of the cost of your share from a building society or bank. The building society or bank will arrange this and calculate the monthly repayments you need to make.

Rent

You will pay rent monthly in advance on the equity share of the property you do not own. This means if you own a 50% share, you would pay rent on the remaining 50%. The rent will be reviewed annually, as detailed in the terms of the lease, and must be paid to us by Direct Debit.

Buildings Insurance and Service Charges

Until you own your home outright, we will arrange the building insurance on your property and the premium will be due monthly, in advance alongside any relevant service charges which apply.

Repairs and Maintenance

As a homeowner you are responsible for all the repairs and maintenance of your property.

Council Tax

You will have to pay Council Tax to the local authority.

Heating, Lighting and Water Bills

You will be responsible for your own bills.

Fittings and Furniture

You will be responsible for supplying your own fittings and furniture and for the cost of insuring the contents of your home. We offer an affordable insurance scheme. Further details are available on request (contact details at the back of this leaflet).

What if I fall behind with my mortgage repayments?

The mortgage contract is between you and your lender. If you are experiencing financial difficulties, which means you cannot pay your mortgage, you must inform your lender as soon as possible. If you fall behind with your payments and cannot agree a solution with your lender, there is a risk that they will take possession of your home and sell it. You would be entitled to your share of the money received after all your debts have been paid.

What happens if I fall behind on my rent or service charges?

Under the terms of the lease, you must pay the rent. If you find that you are experiencing financial difficulties, do not let your arrears build up. Please contact us as soon as possible for advice. If you cannot make the payments then, after legal proceedings, your home could be taken away from you and the lease terminated. After the sale of the property you would be entitled to the balance of any monies raised after the lender and we have been paid in full.

Can I make improvements or alterations to my home?

If you wish to improve your home or make any additions or alterations, you must obtain our written agreement. This is normally granted if the proposals are reasonable. No structural changes can be made until you own 100% share.

Can I buy a further share in my home?

As you become more able to afford it, you can buy additional shares until you own 100%. This is known as 'staircasing'.

We will provide you with a list of approved independent surveyors you can choose from to value your home. The cost of this is your responsibility.

You will be given three months from the date of the valuation to buy a further share at the new price. Additional shares are available in a minimum of 10% slices, known as tranches, which allow you to staircase to outright ownership.

What if I want to sell my home or my share of the property?

You can sell your home or your share at any time, but you must inform us in writing that you wish to move. You can only sell the share you own.

Under the terms of the lease, we are allowed first refusal to purchase the property or nominate someone from the shared ownership waiting list.

We charge an administration fee, which is due on completion of the sale.

WDH
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Vision

to create confident communities

Mission

to inspire, transform and promote excellence

Values

to be creative, inclusive and work with integrity

March 2015

delivering promises, improving lives