

A guide to Shared Ownership



A flexible way to buy

If you dream of owning your own home, but can't afford to because of current property prices, then Shared Ownership could be for you. This is a scheme designed to help people take that step onto the property ladder and is a flexible, low cost way of buying a home, without paying the full asking price in one go.

As there are many reasons why you may not be able to afford to buy a home outright, shared ownership is designed to help people in a variety of circumstances. It can help first time buyers, key workers or owner-occupiers relocating to an area with higher property prices, or those perhaps needing to leave home following a relationship breakdown. It can also help local authority and housing association tenants.

Shared Ownership is simply where you buy a percentage of your new home, either outright or by arranging a mortgage with a bank or building society and pay a subsidised rent to us on the remaining unsold equity.

It means that you and your family can enjoy all the benefits of home ownership at a price to suit your lifestyle and your budget.

Most schemes offer the added benefit of allowing you to buy more of the property at a later date. This is known as 'Staircasing'. If you staircase, you'll pay less rent. For example, if you increase your share to 75%, you'll only have to pay us rent on the remaining 25%. The choice to buy further shares is entirely up to you and you are not obligated to do this. If you staircase to 100% you become the freeholder (excluding Apartments) and outright owner of the property.

To ensure that affordable housing remains in rural locations you may only be allowed to buy up to 80% of your home.

Should you decide to purchase additional shares, the amount you will pay will be based on the market value of your property at the time, so you can be sure the cost is as fair as possible.

The important thing to remember with shared ownership is that even though you are paying rent, you are an owner-occupier and, therefore, have the full responsibility for repairs and maintenance of the home you have purchased.

The lease is the document that governs the relationship between the shared owner and Longhurst & Havelok Homes. It is essential that this is fully understood before making a shared ownership purchase. Set out below is further information relating to leases:

Definition of a leaseholder

By owning a lease you have a financial interest in the property you live in. This gives you certain rights as well as obligations. The lease agreement sets out these rights and obligations in full. (A copy of the lease will be given to you by your solicitor when you purchase your property.) Your solicitor should also explain the main provisions of the lease to you.

Longhurst & Havelok Homes own the freehold to the property you live in, and, as such, there are certain rights and obligations to which we should adhere.

What type of lease do you have?

When you purchase a shared ownership property you are granted a Lease, which is the legal agreement between you, as the leaseholder and us, as the landlord. The Lease contains all your rights and responsibilities as well as ours.

A new Lease will normally be granted for a period of 99 or 125 years and is called an "Assignable Lease". This Lease entitles you to live in the property as the leaseholder and to purchase further shares or sell your share in the future.

Your lease explained

The Demise – This is the property and extent of land included within your purchase. Your Lease should contain a plan showing the "demised premises".
The Leaseholder Covenants – These are your responsibilities as the Leaseholder.

The Landlord Covenants – These are our responsibilities as your Landlord.

Contents of a lease

The shared ownership Lease will contain the following main sections:

- A description of the property – the demised premises, showing all its boundaries and the areas that are your responsibility
- The amount of rent and service charge (if applicable) that you must pay when the lease commences, together with how and when this amount is reviewed
- A summary of what is included within the rent and service charge
- A summary of the buildings insurance arrangements
- How you can purchase additional shares in the property

- Whether there is a restriction on purchasing the full 100% of the property (applicable to certain scheme/estates only)
- How you can sell the property in the future
- Detailed rights and responsibilities under the Lease of both you and us.

It is important that you and your legal advisor read the Lease offered to you very carefully, in order that you understand all the various clauses contained within it and know who is responsible for what.

How much can I purchase?

Normally the initial amount available to purchase will be 50%. However, this may vary from development to development, as do the rental payments. The percentages available will be outlined within the specific sales literature for each development.

Property	Value	Share	Cost of share	Approximate monthly total	Mortgage rent monthly	Repayments payment
2 bedroom house	£115,000	50%	£57,500	£370.47	£171.99	£542.46
3 bedroom house	£130,000	50%	£65,000	£418.80	£192.78	£611.58

- These figures are only a guide. Longhurst & Havelok Homes will advise you of what the rent will be and your financial advisor will advise you on the estimated monthly cost of your mortgage
- Estimated mortgage repayments are based on a standard repayment mortgage over 25 years at 6% APR.

How much does shared ownership cost?

The exact amount paid out each month will depend on a number of things such as the price of the property, the size of the share you buy, the rent and mortgage costs. The larger the share you buy the higher the monthly costs of the combined mortgage and rent payments.

The costs shown in the table are approximate and monthly mortgage repayments may differ depending on your mortgage type. **You MUST seek independent financial advice, the figures below are merely for guidance and do not reflect any accurate representation of mortgages available.**

Purchase costs involved

You will be responsible for the usual costs involved in buying a new house. These monies must be available to you when applying to Longhurst & Havelok Homes for accommodation. These costs include:

- **Reservation fee**

Once you've chosen your home, we will reserve it upon receipt of a £250 nonrefundable reservation fee for up to twelve weeks. This will give you time to arrange a mortgage without having to worry about losing the property to another buyer. Upon completion of your home purchase, this reservation fee will be deducted from the purchase price.

- **Valuation and survey fees**

You will be responsible for paying your building society valuation fee for the mortgage survey. A mortgage valuation is required before any lender can give you a mortgage regardless of who you are buying a property from.

Additionally some building societies and mortgage advisors charge an arrangement fee and may also require a deposit. We would suggest, therefore, that you shop around for the mortgage that suits you best and seek advice from an Independent Financial Advisor.

- **Legal fees**

You will need to appoint a solicitor to act on your behalf during the buying process. You will be responsible for any fees that the solicitor may charge. Their charges can vary and it may be useful to obtain an estimate from solicitors prior to appointing them.

Like all purchasers, you will have to pay the land registry and local search fee (your solicitor will advise of the cost of these and when the payment is to be made).

In addition to these fees, you may, in some instances, also have to pay Stamp Duty. Again your solicitor will advise you on whether you are liable for this. You can also call the Stamp Duty Helpline on 0845 603 0135 for further advice.

Ongoing costs

All of our properties are designed to be low maintenance to keep costs down. In addition, you have the peace of mind of a 10 year NHBC or equivalent guarantee of quality. However, there are on going costs which you will be responsible for as follows:

- **General outgoings**

General outgoings are the same as those for the majority of homeowners. Utility bills such as council tax, gas, water and electricity will be your responsibility along with your mortgage and contents insurance.

- **Rent and management fee**

You will pay a subsidised amount of rent, which we collect by monthly direct debit for your convenience. Included in this is a nominal management fee to cover your buildings insurance and our administration costs

- **Service charge**

On some new developments such as apartments, a service charge may apply to cover the maintenance of communal areas and grounds. One of our sales advisors will explain if this is applicable.

- **Repairs**

After any defects liability period on brand new properties (you will be advised of this at the time of reservation) and your property is a house, you will then be entirely responsible for ALL internal and external repairs and maintenance to your property. Please check with one of our sales advisors with regards to repair responsibilities relating to apartments.

Will my rent stay the same?

Both your mortgage and rent payments will vary over time. Building societies may vary the interest rate on mortgages in the normal way. Longhurst & Havelok Homes will also review the rental payments on an annual basis, which is outlined within the lease.



Improvements and alterations to the property

You will need to approach Longhurst & Havelok Homes for any alterations or improvements to your property, and you may be asked to request written consent to anything that would require Building Regulation approval.

What do I do when I want to sell?

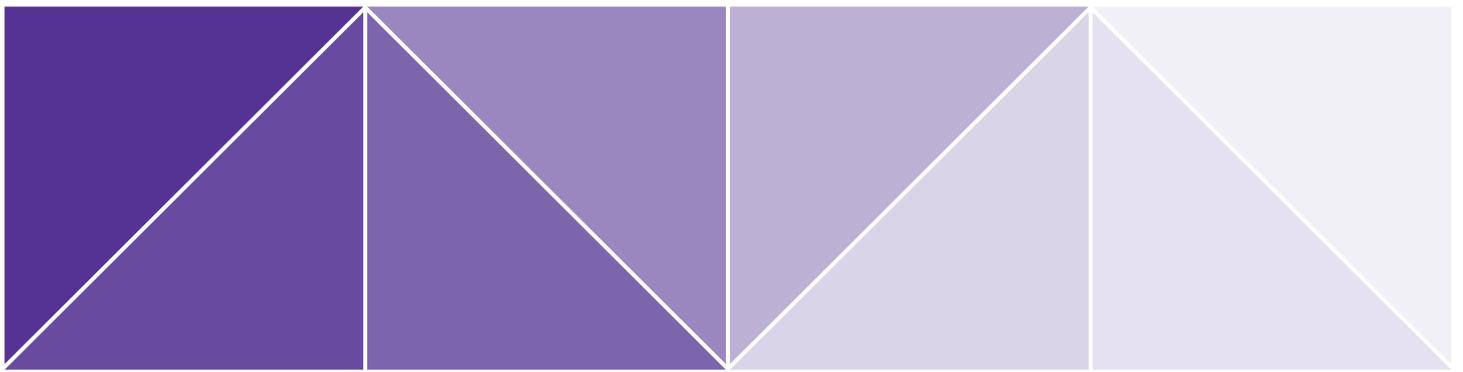
You may sell your home at any time. You will be required to provide Longhurst & Havelok Homes with an Open Market Valuation that has been carried out by an RICS qualified Chartered Surveyor. We will then confirm what the property can be sold for and under the terms of the your lease, we will have a time period in which to assist you with finding a new buyer for your property. This period will vary depending on the terms of your lease but is likely to be between four and eight weeks.

Further information

Should you have any further questions about how shared ownership works or for details about our forth coming developments, call one of our friendly sales advisors on 0845 601 9095.

landh.org.uk

Email: sales@longhurst-group.org.uk



L&H Homes
Leverett House, Gilbert Drive
Endeavour Park, Boston,
Lincolnshire PE21 7TQ

General enquiries: 0300 123 1575

Direct Dial: 0800 111 4013

Email: servicecentre@longhurst-group.org.uk

Web: landh.org.uk