

Purchasing a Shared Ownership Property

What you need to know...

How does Shared Ownership Work?

We have compiled a detailed Shared Ownership Brochure which we hope will answer any questions that you may have at this point. This can be seen at the bottom of this document.

What happens if you want to purchase the property?

Once you have viewed the property and would like to make an offer, please liaise with the leaseholders directly as they are solely responsible for whom they wish to accept for purchasing their property share. If the leaseholders accept your offer, they will need to confirm this with Cambridge Housing Society by sending us an email with the offer amount and the name of the purchaser/s.

If your offer is accepted, we will also need to determine if you are eligible to purchase the Shared Ownership property. You will need to provide all of the following pieces of information to us before the sale can progress. The documents should be sent by email to info@candcd.co.uk:

- Evidence of your deposit funds (bank statement)
- Mortgage in Principle
- Key Homes East Approval Number (apply here – www.helptobuyese.org.uk)
- Proof of income (recent payslip or official letter from employer confirming salary)
- Completed Affordability Calculator (accessible via this link on section 6.1.3) - www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership
- Your Solicitors details (including contact name and email address)
- Photographic ID (passport or driving licence)
- Proof of address (utility bill in your name)

What is the next step of the sale?

Once we have received the full list of paperwork, we will then remove the property from the Help to Buy website and instruct solicitors to act on behalf of Cambridge Housing Society for the sale.

The solicitors will then liaise directly with yours, and the seller's solicitors up until completion of the sale. You should refer any enquiries directly with your solicitors who will refer to our solicitors for a response.

If you have any further queries please feel free to contact us at Cambridge Housing Society at info@candcd.co.uk

Kind regards

Cambridge Housing Society

Shared ownership

What is Shared Ownership?

Shared Ownership is a form of low cost home ownership and is a more cost-effective way of getting onto the property ladder. The scheme is a simple and affordable way to purchase a property by buying an initial share of approximately 25% to 75% of a home, using a deposit and mortgage, then paying a reduced rent to the housing association on the remainder.

It is primarily aimed at first-time buyers who can afford to sustain home ownership but who are unable to afford a suitable home on the open market. It is also known as New Build HomeBuy, Part-Buy Part-Rent or a Shared Ownership resale if the property is not brand new. Shared Ownership is an important way of enabling people to live in high value areas they might not otherwise be able to afford.

Where can I find a Shared Ownership property?

CHS Group offers a variety of new homes to purchase on a shared ownership basis in and around Cambridgeshire.

As well as newly built properties, there are also many Resales, which are shared ownership properties that become available when an existing shared owner is moving on. All new and resale CHS Group shared ownership homes are advertised on the Help to Buy website www.helptobuyese.org.uk

Who qualifies for Shared Ownership?

Shared owners are typically working households on low-to-middle incomes. Shared ownership is becoming increasingly popular among first-time buyers who can no longer afford to buy a suitable home on the open market. CHS Group will only sell shared ownership homes to people who have successfully applied for the scheme through Key Homes East Homebuy Agents and have obtained a Key Homes East Approval reference number. Please see www.helptobuyese.org.uk for application guidance.

Homes
people
development





What happens if I wish to buy?

In order to proceed, a mortgage offer will be required. Many banks and building societies offer mortgages for Shared Ownership. Mortgages are available for a deposit of between 5% and 20% and at competitive rates.

As part of the application process, you will be required to submit the following documents to CHS:

- Your financial details relating to your income and other commitments
- Your Key Homes East Approval reference number
- A mortgage offer in principle
- Evidence of deposit funds
- Photo ID and proof of address
- Solicitor's details

How does it work?

Most new properties are advertised at a 40% or 50% share, although you may have the opportunity to buy a share of between 25% and 75% of the full property value. Resale property shares will vary. CHS Group owns the remaining/unsold share and you will be required to pay rent on that share.

Shared Ownership properties are always on a leasehold basis. This means that once you complete your purchase you will become a leaseholder for a fixed period of time, typically either 99 or 125 years for new leases though this period may vary in the case of a resale. The lease sets out your rights and responsibilities and those of CHS Group, such as those for repair, maintenance, rent and subletting.

Can I increase my ownership share to 100%?

The option for people to increase the equity in their home by buying further shares is known as 'staircasing'. While there is no obligation on you to do this, it is the way you can increase your stake in a home and reduce the amount of rent payable. Any restrictions on staircasing will be set out in your lease and in certain areas this may be capped at 80% for example (in some areas we are not allowed to increase your share to 100%) so do consider these provisions prior to your purchase. Generally with CHS leases you will be entitled to purchase additional shares of in multiples of 10% up to a maximum of either 80% or 100% once you have owned the property for a minimum of three months. If you staircase, the rent payable on the unsold equity will be adjusted accordingly. However please note if you pay a service charge on the property this will still be payable.



What costs are involved?

Reservation Fee

If you purchase a new Shared Ownership property you may be required to pay a reservation fee to reserve the newly built property enabling it to be taken off the market.

The fee is deducted from the final purchase price.

Mortgage Costs

A number of high street banks and building societies lend money to finance the purchase of shared ownership properties. You will need to arrange a mortgage for the share you are purchasing, reflecting the size of your deposit and the terms you are seeking. There may be costs involved with arranging the mortgage and provision of a valuation survey, which should be made clear to you by the mortgage provider. Taking advice from an Independent Financial Advisor is recommended. CHS Group does not provide mortgages and does not offer financial advice.

Stamp Duty

The purchase of a Shared Ownership property may incur Stamp Duty Land Tax which is payable by the purchaser at completion.

It is important that you obtain professional advice on the Stamp Duty Land Tax implications.

Purchase price of a residential property	Rate of SDLT
£0 - £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%

Legal Fees

These are payable to a solicitor who carries out legal work on your behalf. This will cover the cost of preparing and reviewing the legal documents for the purchase of your home. The associated costs of Land Registry fees, search fees and other costs should also be included in the estimate provided by your solicitor. Some mortgage lenders will offer legal services as well.

Furnishings and Removals

You will need to furnish your new home and arrange for your furniture and effects to be moved into the property.





What are the future costs of ownership?

Once you have purchased the property, you will be responsible for:

- Mortgage repayments to your lender
- Rent payments to CHS - these are payable monthly and are reviewed on an annual basis under the terms set out in the lease
- Service charge payments to CHS – which usually include building insurance and perhaps other services such as maintenance of communal areas, parking areas, gardening, cleaning and lighting, and your contribution to long term sinking funds for any major maintenance
- Council tax
- Utilities: gas, water, electricity, telephone, T.V. and internet
- Contents insurance
- Repair and redecoration costs

Who is responsible for repairs and insurance?

CHS (or the freeholder if they are not CHS) will insure the structure of your home under its building insurance policy and you will be charged the cost of the premium as part of the service charge. You will need your own contents insurance policy in place to cover carpets, furniture and other belongings from the day of legal completion.

If your shared ownership property is a house, you will be responsible for all repairs and redecoration to your home both internally and externally. If your home is a flat, you will be responsible for all internal repairs and redecoration and CHS is responsible for repairs to the structure of the building and to the communal areas.

Are there any restrictions?

- Your shared ownership home must be your principal home and you cannot sub-let it
- You will need CHS's permission to keep pets, which is usually prohibited in flats
- Other obligations are set out in full in your lease so please ensure that you read it before you complete your purchase





What happens if I want to sell my Shared Ownership property?

If you decide you want to move home, in the first instance please contact CHS Group and ensure you have your lease to hand for reference. You will be sent the resale process information outlining the next steps. These will include the valuation of your property by a registered Chartered Surveyor, which CHS can arrange for you at a charge, which determines the price that you can sell your share for. At this point CHS will require written confirmation of your intention to sell based on the valuation report figure.



You will need to provide an Energy Performance Certificate to sell your property. If you don't have one from your initial purchase of the property, you will need to arrange to have a new energy assessment carried out. You will also need to provide some internal and external photographs of your property for marketing purposes.

The marketing of your home for sale begins with a nomination period, usually 6 - 8 weeks (during which CHS can nominate an eligible purchaser). CHS will also advertise your property on the Key Homes East Homebuy Agent's website on your behalf during this time. You may have the option to appoint an estate agent to assist in the marketing of your home but please note there will be additional fees involved and you will need to receive full consent from CHS before you appoint them.

Once a purchaser has been found, you will need to instruct a solicitor to act for you. Please note that CHS charges a fee for administration and legal costs on completion of the resale of your home, currently 1% of the sale price.



Where to go for further information

For further information and advice on Shared Ownership please contact CHS Group Customer Services on **0300 111 3355** or visit our website **www.chsgroup.org.uk**



www.chsgroup.org.uk