



# A GUIDE TO BUYING A NEW BUILD SHARED OWNERSHIP PROPERTY



WEALD LIVING

BY SAXON WEALD

## WHO ARE WEALD LIVING?

- Weald Living are part of Saxon Weald, a housing association in Horsham, West Sussex
- Saxon Weald are a not-for-profit organisation and one of the leading local providers of affordable home ownership, with properties in East and West Sussex and Hampshire
- We work with local councils and are partly funded by Homes England, who provide funding for and regulate housing associations

## WHY CONSIDER SHARED OWNERSHIP?

- You'll own part of your home, rather than paying rent with no return
- Your monthly mortgage and rent can work out much cheaper than buying outright and often less than private renting
- You can buy more shares in your home at a later date
- You only buy what you can afford so you don't overstretch yourself financially



## WHEN I BUY A SHARED OWNERSHIP PROPERTY, WHAT AM I BUYING?

Shared ownership properties are a stepping stone to completely owning your own home, allowing you to buy as much as you can afford, when you can afford it.

Whilst you purchase a percentage share, the remaining share will be owned by Saxon Weald, who will become your Landlord.

However, buying a shared ownership property makes you an owner-occupier, not a part tenant.

You will own the lease which is a legal document that proves you own part of your home, and sets out the terms and conditions for both yourselves as leaseholders and Saxon Weald as your Landlord.

It will include:

- Your rights and responsibilities as an owner-occupier
- How often your rent and service charges will be reviewed
- The conditions of the lease which must be adhered to
- The conditions for buying more shares in your home
- The conditions for selling your existing share

If you decide to buy the remaining share of your home, you will own your home outright and no longer pay rent to Saxon Weald.

If it is a house, in most cases, the freehold will be transferred to you. If it is an apartment, you will remain a leaseholder with the responsibility for use and maintenance of the shared areas, and you will continue to pay ground rent and service charges including buildings insurance.

The lease also lays out any restrictions and covenants such as sub-letting your home, which is not allowed and is considered a serious breach of the lease.

**You will need to appoint a solicitor when buying a property to deal with the legal work associated with your mortgage and home.**

## WHAT ARE THE COSTS INVOLVED WITH BUYING A SHARED OWNERSHIP PROPERTY?

There are various upfront costs that you will need to budget for when purchasing a property, including the examples set out below.

Please note that these figures are for guidance only, and you are advised to research the full range of costs associated with purchasing your property yourself.

ITEM	LIKELY COSTS INVOLVED
Reservation fee	£500 - The cost is off set against your rent and service charge when the sale completes
Mortgage deposit	Between 5 and 15% of the value of the share purchased
Mortgage valuation	About £300
Mortgage arrangement fees	Varies between lenders - £NIL - £900
Mortgage adviser's fee	Varies - ask up front
Solicitor's fees	Varies - allow at least £1000
Stamp duty	NIL up to £300,000 for first time buyers
Removal costs	Approximately £800
First rent and service charge payment	See below

## ADVANCE RENT AND SERVICE CHARGE

Saxon Weald will calculate the advance rent and service charge from the date that you agree for completion, to the end of that calendar month, plus a full calendar month. The reservation fee will also be offset against this. Future payments will be due on the 1st of the month by direct debit.



## SERVICE CHARGES

Service charges apply predominantly to apartments; however houses may also be required to pay service charges when they have access to shared areas such as car parking or communal landscaping.

The service charge may cover:

- The cost of all day-to-day and future repairs and maintenance to the outside of the building (apartments only) and all shared areas. This could include the roof, communal TV aerial, entry phones and lift, as well as anything else that is used communally in the apartment block
- The cost of cleaning and gardening in shared areas (known as estate charges)
- The cost of heating, lighting and security of shared areas
- The building's insurance, which applies to all properties sold on a shared ownership basis. Where Saxon Weald is the freeholder, we need to make sure that the building is adequately insured. We have a block policy which covers all of our properties. As we require insurance on many properties, the premium payable is reduced and we can pass the savings on to you.

**Please note we do not insure the contents of your home.**



## So, you've seen the home you want to buy – what are the next steps?

You may have already seen a property you are interested in, either through local advertising or on the [Weald Living](#) website.



### 1 STEP ONE – REGISTER YOUR INTEREST

To register your interest or apply for a property, click on the 'Apply for a property' button on our website and complete the [shared ownership application form](#).

We ask all prospective purchasers to sign a Privacy Statement to enable us to share their data, as a financial assessment with our shared ownership mortgage broker, Metro Finance, will be necessary.

This financial assessment is to establish affordability based on criteria set by Homes England. We are bound by their set limits and audited to make sure that we comply.

## WHAT WILL METRO FINANCE DO?

- Metro Finance will obtain the necessary documents required to satisfy Homes England that they have accurately assessed your application.
- They agree the % share that you will be able to purchase based on income, savings and outstanding credit commitments.
- They will be able to provide information about choosing the right mortgage for you and how to apply for it. You are not obliged to use Metro Finance to arrange your mortgage or solicitor, but you may do so if you wish.

The maximum share you can buy will be confirmed by the mortgage adviser based on the Homes England guidelines and not what a mortgage provider may offer you.

Priority will be given to serving members of the Ministry of Defence and affordable housing tenants. Thereafter, allocation will be decided based on housing need and in line with any nomination agreement in the lease for that particular property.

## 2 STEP TWO – DETAILS OF THE PROPERTY

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Based upon your assessment by Metro Finance, we will look at the availability of plots that match your affordability.

If there is a property available to be viewed, we will arrange an appointment. Please note that most of our properties are in high demand and are therefore sold 'off plan' whilst they are being built.



## 3 STEP THREE – FORMAL OFFER OF PROPERTY

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If you decide to proceed, we will send you a formal offer letter with details of the purchase, subject to contract, and request that you pay the reservation fee of £500 before we are able to move forward.

Payments can be made online via internet banking, by telephone using a credit/debit card, or by cheque made payable to Saxon Weald. Details for each method will be provided at the formal offer stage.

The £500 holding deposit will then be transferred to your rent and/or service charge account when you purchase the property.

You will have 7 days to accept and provide details of the solicitor who will be acting for you in the purchase of the property.

If for any reason you are unable to proceed with the purchase once the property has been allocated to you, we will not be able to refund the reservation fee. This includes:

- You decide not to go ahead, for whatever reason, including if you change your mind
- You are unable to secure a mortgage at the agreed selling price
- You fail to achieve the exchange deadlines (28 days from receipt of draft papers by your solicitor)

## APPOINTING A SOLICITOR

You will need to appoint a solicitor to act on your behalf and handle the legal requirements of the sale.

Weald Living can send you the details of a panel of solicitors, with known experience of Shared Ownership, along with the formal offer.

Please note that you are not obliged to use one of these solicitors and can appoint your own if you choose to.

When acting on your behalf your solicitor will:

- Make sure you have everything necessary to help you buy your home
- Check the lease and speak to your mortgage lender and Weald Living's solicitors
- Carry out what are known as 'searches', including checking the ownership and making sure there are no planned developments (such as new roads) that will affect your home
- Check that all the paperwork and your mortgage are in place in time for you to exchange contracts
- Deal with registering the lease in your name after completion

You should make sure you get a quotation of the likely costs before you appoint a solicitor. The costs will include the solicitor's fee for their work, as well as any expenses known as 'disbursements'.

**Remember that your solicitor is acting for you so please phone your solicitor and obtain updates along the way.**

## 4 STEP FOUR – CONVEYANCE PROCESS (WHAT THE SOLICITORS DO)

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Upon acceptance of the offer and receipt of your deposit, we will issue something called the Memorandum of Sale (MoS) to the solicitors acting for yourselves and for Weald Living.

The MoS summarises the details of your proposed purchase.

It is important that you apply for your mortgage as soon as possible. This is because a valuation survey is required to verify that the property is worth what you are paying for it before a Mortgage Offer will be issued. This can take up to 3 weeks.

When your Mortgage Offer is received, your solicitor should send a copy to Weald Living's solicitor so that we can cross check it with your affordability assessment and approve it.

At this stage it may appear like nothing is happening, but behind the scenes all parties will be working on the legal paperwork and you should refer to your solicitor for updates.

Your solicitor will ask you to sign contracts in readiness and will report to you when they have all the relevant information and documents. At this point they will request your mortgage deposit in cleared funds, agree an exchange date and, if possible, a date for completion.

Sometimes a property is not ready for occupation until some weeks after exchange. On these occasions, we will often ask for exchange of contracts, with completion 'on notice'.

This means that you exchange, which secures the property at the agreed price and then we agree to provide 10 days notice for completion and handover of keys.

**Once the sale has exchanged, the contract is legally binding between both parties. From then on no-one can change their minds.**



## 5 STEP FIVE – COMPLETION

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On the completion day, your mortgage lender will transfer your solicitor the funds to purchase your home.

Your solicitor will then pass those funds, as well as any additional money you are adding, over to Weald Living's solicitors, who will authorise 'key-release' once the funds have been transferred.

This will include your rent and service charge (and in some cases ground rent) from the day of completion to the end of the month plus the following month. This can take up to a week.

Upon receipt, our Finance team will set up and transfer the payment made to us to your account. Once this has been done, our Finance team will set up your direct debit to pay your future rent and service charges.

A member of our Sales Team will arrange to meet you at the property to read the meters.

You will be asked to give the property a brief inspection so that any obvious defects can be reported to the builder straight away.

Keys and manuals for the property and appliances will also be handed over at this point.

You will be responsible for all utility bills. Please remember to read and record all meters, and contact which ever utility supplier(s) you have chosen so that an account can be set up in your name.

## 6 STEP SIX – ONCE YOU'VE MOVED IN...

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Please register for My Weald Living at [www.wealdliving.com](http://www.wealdliving.com). This will be the easiest way to contact us and report defects, as well as check your account or make payments.

You will have received a 'gifted items' letter at completion, which will list the appliances etc. for which Weald Living will transfer responsibility.

There will be documentation at the property to enable you to register ownership of your appliances so that the warranties can be activated.

Any other 'defects' should be reported using [My Weald Living](#) and not direct to the builder:

This way we can monitor and chase as necessary. Please note there are agreed timeframes with the builder depending on the urgency of the repair:

The defect period is effective for 12 months from the date that the builder handed over the keys to Weald Living.

During this time, you are requested not to decorate, and to heat/ventilate the property as necessary to allow the property to dry out.

This can cause settlement cracks. Depending on size, these will be attended to at the end of defect inspection.

The Boiler is covered until the end of the defect period. Please note that if it is due for service before that time, you will need to arrange this or the defect cover will be invalidated.

### AFTER THE DEFECT PERIOD

If you own a house, you are responsible for all repairs and maintenance to the inside and outside of your home including any garden and fencing areas.

If you own an apartment, you are responsible for maintaining the inside of your property.

INFORMATION CORRECT AS OF APRIL 2023

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