

# A guide to buying a shared ownership resale property



WEALD *Living*

by Saxon Weald

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# A GUIDE TO BUYING A SHARED OWNERSHIP RESALE PROPERTY

## WHAT IS A SHARED OWNERSHIP RESALE PROPERTY?

A shared ownership resale property is a home that is being sold by the current shared owner.

In order to proceed with the purchase through Weald Living, you must buy at least the current owner's share in the property, based on affordability calculations set by Homes England (the Government agency that funds and regulates housing associations).

## 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 or sell your share and move if you want to in the future

## WHEN I BUY A RESALE PROPERTY, WHAT AM I BUYING?

A resale property is a shared ownership property that the current owner bought new from us, or as a resale. The property falls under the category of part buy/part rent.

As a buyer, you will need to purchase the share the seller currently owns (on the existing lease terms), or more if we feel you can afford it.

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.

The lease is a legal document that proves you own part of your home and sets out this agreement. 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

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When you buy a home through Weald Living, 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. You will have the same rights and responsibilities as a full owner-If When you buy a home through Weald Living, 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. You will have the same rights and responsibilities as a full owner-occupier.

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 a responsibility for use and maintenance of shared areas, and you will continue to pay ground rent and service charge including buildings insurance.

The lease also lays out any restrictions and covenants such a 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 RESALE PROPERTY?

There are various upfront costs that you will need to budget for when purchasing a resale 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 – £600 - £900
Mortgage adviser's fee	Varies – ask up front
Solicitor's fees	Varies – allow at least £1000 + VAT
Receipting notice of transfer and charge	£90.00 + Vat
Approval of mortgage offer by landlord	£70 +VAT
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 resale property you are interested in, either on the [Weald Living](#) or [Help to Buy](#) website.

### 1 STEP ONE – REGISTER WITH HELP TO BUY

In order for us to consider your application, you will first need to be registered with the Help to Buy agent. You can do so by visiting [www.helptobuyese.org.uk](http://www.helptobuyese.org.uk)

**For Older People's Shared Ownership (OPSO)**, please complete Saxon Weald's Expression of Interest form. You can do so by visiting: [https://www.wealdliving.com/storage/downloads/expression\\_of\\_interest\\_form-1535100777.pdf](https://www.wealdliving.com/storage/downloads/expression_of_interest_form-1535100777.pdf)

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## SIX STEPS TO BUYING YOUR PROPERTY

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Upon receipt of your registration number, we can access your details to assess your eligibility prior to viewing the property. In some cases we have to seek a nomination approval from the local authority.

We do not wish to raise either your hopes, or those of the seller at this stage.

We ask all prospective purchasers to sign a privacy statement to enable us to share their data, as a financial assessment will be necessary 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.

- Our mortgage broker 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 give information about choosing the right mortgage for you and how to apply for it. You are not obliged to use them 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.

**Please note when applying for Older People's Shared Ownership (OPSO), there is strict age criteria eligibility for each scheme. You will also be required to have an eligibility care assessment with the on-site Scheme Manager to fully understand your care needs in an Extra Care scheme. This will need to happen after you have viewed the property.\***

**For OPSO Schemes, you must sell any existing property owned prior to buying an Older People's Shared Ownership property with us, meet the age criteria and have an annual household income of no more than £80,000\*. If you choose to proceed, the maximum share you can buy is 75%, and you will pay no rent on the remaining 25% retained by Saxon Weald.\***

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### 2 STEP TWO - VIEWING THE PROPERTY

If you are approved by our mortgage broker and are the first in the queue, we will ask the seller to contact you to arrange a mutually convenient time to view the property.

Please let us know straight away if you would like to go ahead with the purchase after viewing the property.

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## ... SIX STEPS TO BUYING YOUR PROPERTY

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### 3 STEP THREE - FORMAL OFFER OF PROPERTY

Once our mortgage broker is in receipt of all of the required documents, they will approve your purchase and we will send you a formal offer letter with information of the sale, subject to contract. We will then request that you pay the reservation fee of £500 before we are able to proceed.

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.

On completion of your purchase this sum will be automatically credited to your rent and/or service charge account.

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
- If you are unable to secure a mortgage at the agreed selling price

#### 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 Leasehold 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 quickly
- Check the lease and speak to your mortgage lender, as well as the seller's and Saxon Weald's solicitors (you cannot speak to or contact other parties' solicitors direct)
- Carry out what are known as 'searches', 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 of contracts
- Deal with advising Land Registry of the change of leaseholder (the transfer)

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.**

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## ... SIX STEPS TO BUYING YOUR PROPERTY

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

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. Weald Living will not carry out sales progression.**

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 and agree an exchange and completion date with the chain.

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

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### 5 STEP FIVE - COMPLETION

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

Your solicitor will then pass those funds on to the relevant parties' solicitors.

Once this is done, you will be notified and can arrange to collect the keys from the seller.

On completion day, please ensure that you collect all keys and any manuals or instructions needed for the appliances from the seller. Saxon Weald will not have any of these.

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.

Once the sale has completed, your solicitor sends Saxon Weald any monies due to them. 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.

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

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## ...SIX STEPS TO BUYING YOUR PROPERTY

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

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, check your account or make payments.

#### Repairs and maintenance – who does them?

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.

Saxon Weald are responsible for any repairs, maintenance and decoration to the outside of the apartments, as well as any shared areas. This is paid either through your service charge or by a cyclical maintenance charge, approximately every 5 – 7 years.

#### Alterations and improvements

You don't need our permission for redecorating, but your shared ownership lease will stipulate that you apply for landlord's consent before carrying out any major improvement works to your home.

To get consent to make changes to your home, you'll need to speak with our Home Ownership team. For more information please call 01403 226000.

**Please note that not all home improvements will increase the value of your home.**

If you carry out work without getting consent, you will be in breach of your lease and legal action may be taken against you.

You may have to reinstate any unacceptable alterations to your home at your own cost, as well as pay legal costs and associated fees.

**\*If you are considering purchasing an Older People's Shared Ownership property, there is set eligibility criteria for approval by Saxon Weald Housing association between our Extra Care developments.**

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