



Your Guide to...
**Buying a
Shared Ownership
Resale Property**



Buy, Rent & Invest Happy

Love Living Homes is
the trading name of





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Introduction

Who are we?

Love Living Homes is an extension and trading name of Town & Country Housing, which is regulated by Homes England and part of the Housing Ombudsman Scheme. Town & Country Housing are a registered charity and Housing Association.

Developments by us are managed by Town & Country Housing under our Love Living Homes brand. Therefore, once you become a resident with us, all payments that you make are managed by Town & Country Housing.



1

How Shared Ownership works

You can buy a home through the shared ownership scheme if you cannot afford all of the deposit and mortgage payments for a home that meets your needs.

Shared Ownership is a government backed scheme which has been operational for over 30 years.

You buy a share of the property and pay rent to a landlord on the rest.

When you buy a home through Shared Ownership resale, you:

- must buy at least the amount the current Shared Owner has already purchased, however, if you can afford to do so, you will be encouraged to buy an increased share in line with current Government guidelines
- pay rent to Love Living Homes for the share we own
- pay a monthly service charge, for example towards the maintenance of communal areas, buildings insurance etc

Are you eligible for Shared Ownership?

You can buy a home through Shared Ownership if all of the following are true:

- your household income is £80,000 a year or less (£90,000 a year or less in London)
- you cannot afford all of the deposit and mortgage payments for a home that meets your needs
- if you do already own another property (either in the UK or abroad), you must be in the process of selling it - you will be asked to evidence that you are under offer on your current property before reserving a Shared Ownership property.

One of the following must also be true:

- you're a first-time buyer
- you used to own a home but cannot afford to buy one now
- you're forming a new household - for example, after a relationship breakdown
- you're an existing Shared Owner, and you want to move
- you own a home and want to move but cannot afford a new home that meets your needs

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Buying your share

You can take out a mortgage to buy your share or pay for it with savings. You'll also need to pay a deposit, usually between 5% and 10% of the share you're buying.

The minimum share you can purchase is the number of shares the current shared owner/s owns, however, depending on your affordability, and in line with current Homes England advice, you will be encouraged to buy the maximum affordable share %.

If you wish to own your home outright in the future, you can do so in stages or in one go and Love Living Homes will be on hand to help you through the process, if or when you decide to do so. There is no obligation for you to buy additional shares after your initial purchase, unless you want to.

The full market value is assessed via a RICS surveyor and is based on the current condition and remaining lease length of the property. The price is fixed and non negotiable.

Where to find our resale shared ownership properties

We advertise our resale properties on lovelivinghomes.co.uk and sharetobuy.co.uk. Here you can register your interest in specific properties.

Love Living Homes are not the seller of these properties, the condition and repair of the property or its services and appliances within the demise are not assessed or tested by Love Living Homes. Any buyer(s) should satisfy themselves by inspection and/or you may wish to arrange for your own independent survey before purchase. Leaseholders are responsible for all repairs within the property's demise.

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How do we allocate resale Shared Ownership properties?

For some homes you may have to show that you live in, work in, or have a connection to the area where you want to buy the home, but the majority of resale Shared Ownership properties will be allocated on a first come first served basis, however, in line with government guidelines, **priority is given for members of the armed forces.**

Sometimes several households make an offer on a home at the same time. Your offer will be prioritised if you're a serving member of the armed forces or honorably discharged in the last two years (depending on your role).

An affordability assessment will need to be carried out with a member of Love Living Homes panel of financial advisers in advance of viewing a property and making an offer, this applies to all applicants to ensure that the property is affordable for you.

In the event that you are allocated to a property, our panel financial advisers will be able to assist you with any mortgage requirements or at this stage, you will be able to continue with a financial adviser of your own if you wish to do so.

Please note that the current shared owner does not decide who is allocated to the property.

Arranging a property viewing

Once you have registered your interest in a property, we will respond with an email providing details of next steps and a key information about the home document.

You will be asked to complete an affordability assessment with one of our financial advisers, once we have been advised of a positive outcome, we will provide you with the current shared owners contact details to enable you to arrange a convenient time/date to view the property.

Our financial adviser will make you aware directly if your affordability assessment has been unsuccessful.

If, following a viewing you decide to proceed with the property, you can email sales.services@lovelivinghomes.co.uk to confirm your interest and if successful, move to the next stage.

Please note that only applicants in a position to proceed such as those under offer with Memorandum of Sale issued / Renting / Living with friends or family, and with a confirmed viewing are eligible to make an offer.



4 Choosing a solicitor

Selecting the right solicitor is absolutely key and we would always recommend instructing a solicitor with a good understanding of Shared Ownership leases, we have a panel of solicitors who are highly experienced in this area and understand how we work and our processes, which can significantly speed up a sale.

You can of course, choose a solicitor that is not listed. In all circumstances if you require a mortgage in order to purchase a property, ensure that they appear on your lenders panel prior to instruction.

How long does a sale take to complete?

This will be dependent on a number of factors such as property chains, personal circumstances and the effectiveness of the solicitor involved, we will be able to relay general information about the sellers' onward plans to provide an indication of the complexities involved in any particular sale once we are aware of them.

We would never recommend giving notice on your current accommodation prior to exchange of contracts with a confirmed completion date when buying a resale property.

5 Step by step Resales process

Don't be daunted - we've listed the entire process from initial enquiry to completion!

1. Register your interest in a property
2. We will acknowledge your interest in the property and ask you to complete our application form and an affordability assessment with a financial advisor from our panel
3. Receive contact details for a viewing and make an appointment with the current shared owner
4. View the property and if you wish to proceed, email sales.services@lovelivinghomes.co.uk who will confirm next steps (if applicable)
5. A period of 7 days will be given for the remaining paperwork to be provided and signed off by your financial adviser
6. Once all documents have been reviewed / approved by Love Living Homes you will be notified that you have been approved (if applicable) to purchase the property.
7. Contact your financial adviser / lender for a list of their solicitor's panel.
8. Instruct a solicitor and provide their full contact details for inclusion on the Memorandum of Sale.
9. We issue a Memorandum of Sale to all parties and we will instruct our solicitor
10. Complete a full mortgage application with your financial adviser / lender and ensure all required documents are promptly provided to them.
11. Your lender will instruct a mortgage valuation survey and contact us for access information for this purpose.
12. Once the survey has been completed the mortgage offer will be issued and sent to your solicitor. Our solicitor will need to review your mortgage and we will need to approve it, to enable funds to be released.
13. Our solicitor will send out their initial letters asking both your solicitor and the sellers' solicitor to provide certain information.
14. The sellers' solicitor will prepare draft contracts and send these to your solicitor for review.
15. Your solicitor will raise enquiries with the sellers' solicitors
16. Our solicitor will draft a consent to assignment, which assigns you to the lease and we will approve it.
17. If additional shares are being purchased a Memorandum of Staircasing will be drafted and signed by you and by us.
18. Once all the enquiries have been answered and paperwork signed, all 3 solicitors will agree exchange and completion dates
19. It is useful to discuss key release arrangements with the seller in advance
20. Once completion has been confirmed and the funds have been received, the seller will release the keys to you.
21. Our homeownership team will contact you after completion with a welcome letter containing information on how to set up your direct debit to cover rent and service charges.

Useful items to discuss at handover

- Location of meters
- Parking areas
- Bike/bin-store & codes
- How to use heating/door entry phone systems
- Handover any documentation & warranties etc.

Don't forget to...

- Remember to contact the utility companies (gas, electricity & water) as well as the local council tax office to let them know you have moved in to the property.
- After completion our Homeownership department will send you a letter confirming your rent and service charges along with information to assist you with setting up a direct debit.



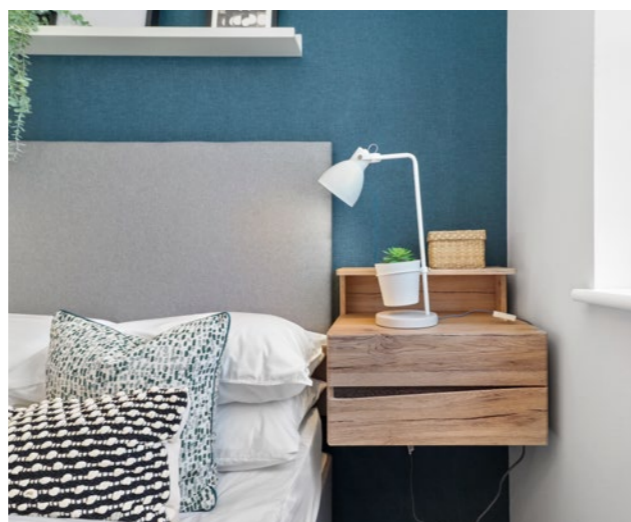
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Sales progression

How can I ensure the transaction progresses as quickly as possible?

Good communication really is the key from the day you are approved to buy until the day you complete. To ensure the transaction progresses smoothly, please ensure you pay the relevant fees as promptly as possible to avoid unnecessary delays. Your solicitor will ask you to review, complete and return various documents throughout the process, so please keep in regular contact with your solicitor.

If you are purchasing the property via an estate agent, they should be your first point of contact for updates, and we will liaise with them as required.



7

The lease

When you purchase a resale Shared Ownership property, you are being added to an existing lease and are agreeing to the terms set out in this lease.

The lease term will have started when the first shared owner purchased the property, and you should be aware of the length of the remaining term of the lease. The initial lease term may have been between 99 years – 990 years. Extending the lease in the future can be expensive.

Your solicitor will be provided with a copy of the lease for the property you are buying, the lease contains covenants which outline restrictions that may be applied to the property such as parking restrictions, some leases do not allow for commercial vehicles to be parked on your property or in the wider neighbourhood.

There may also be restrictions regarding caravans or permission to keep pets. Your solicitor will be able to advise you regarding your particular lease.





Mortgage offers

Must include the following information:

- Note that it is a Shared Ownership property
- The percentage you are purchasing
- The purchase price must match the full market value noted in your mortgage offer
- The remaining lease length

If the lease length is not stated on the mortgage offer it may be necessary to provide supplementary information such as a side letter from your lender or the mortgage valuation report if the correct lease length is noted.

Mortgage offers have an expiry date and this may expire before the property is ready for you to move in, particularly where there have been delays, in this situation you would need to extend, renew or reapply and this may incur additional costs.

Mortgage consent - we will be required to approve your mortgage via a consent to mortgage signed document, once approved your solicitor will be informed this is held on file and the document will be released to them following completion.

Fire Safety Checks

If you are purchasing a flat that is in a building over 18m in height (six storeys), it is likely that an EWS1 form will be required if you need to take out a mortgage. The mortgage surveyor will normally request this after carrying out their valuation. The form will need to be instructed by the building owner which may be Town & Country Housing, or a managing agent acting on behalf of the freeholder and is used to assess the external wall system in terms of fire safety. It involves a suitably qualified professional carrying out a survey of the building.

Due to the specialist nature of the test, these can take some time to organise and may cause delays to your purchase. If you have any concerns, please check with Love Living Homes before proceeding as to whether an EWS1 form has already been completed or if there are any known problems with obtaining one. Some lenders may ask for this form on buildings below 18m in height and we will make reasonable endeavours to provide you with the relevant information, but it may not always be available, particularly where we do not own the building in question.

What is an EWS1 form?

Whether you live in a block of apartments or are considering buying one, the chances are you will have heard of an EWS1 form. An EWS1 form is a method of assessing and recording the external wall construction of residential apartment buildings. It establishes their safety in relation to government guidelines, and is designed to give a clear verdict of that safety.



9 Costs of buying a resale Shared Ownership property



1 Valuation/Homebuyers' survey fees: £350-£600

Your mortgage lender will charge a fee for instructing a chartered surveyor to carry out a valuation report on their behalf. If the property you are purchasing is over ten years old, we recommend having a homebuyers survey carried out as this is a much more detailed report.

3 Arrangement fees: £0 - £1000 (variable)

Your mortgage advisor will give you more information about the costs associated with the mortgage. Your lender may charge a fee for arranging your mortgage. This varies depending on the mortgage option you choose. These fees are payable to your mortgage lender/ advisor. The mortgage arrangement fee can only be added to your mortgage if the total borrowing is less than the share value.

2 Solicitors' costs: approximately £1300 (estimate)

Your solicitor will charge you a fee for their professional services. Usually, you should expect to pay an up-front amount to enable your solicitor to proceed (approximately £200), with the remainder payable upon completion of the purchase.

You should always get a quotation prior to instructing a solicitor.

4 Notice fees: £84 per notice

Your solicitor will need to serve a legal Notice on Love Living Homes to confirm the change of ownership and to register your mortgage following completion. Additional fees may be payable to a managing agent.

5 Deed of covenant: £120

You may be required as the purchaser to enter into a Deed of Covenant. This binds you to the terms of the lease. Your solicitor will confirm if this applies to your purchase.

7 Advance rent and service charge

On completion, Love Living Homes require this to be paid from the date of completion to the end of the month plus one full calendar month.

6 Stamp Duty Land Tax (SDLT)

This is a government tax that is payable when someone buys a property. Your solicitor will be able to tell you if the tax applies and how much it will be. **We are unable to give advice on stamp duty queries.**

Stamp duty is normally only payable on a resale property where the value of the share exceeds the minimum threshold, currently £250,000. Please note that if duty is not paid on your purchase now, there may be a requirement for you to pay in the future if you either staircase above 80% or sell 100% on the open market.

Your solicitor will be able to advise you further.

If you are purchasing a property that was previously rented by Town & Country Housing and a new lease is granted, you will have the option of paying duty against the share value or the whole price. Your solicitor will advise.

8 Removal costs

Hopefully, family and friends can help. If you are going to use a removal company, make sure you get a number of quotes as costs can vary enormously. You usually pay this on the day you move. All prices are approximate, this is a guide and buyers should look into their own costs.

Get in touch

Contact us

If you would like further information or to discuss the buying process of a resale property in more detail, please get in touch with our sales team.

☎ **01892 501490** (Option 1)

✉ sales.services@lovelivinghomes.co.uk

Office Hours

Our main office is open Monday to Thursday 8:30am to 5pm and Fridays 8:30 to 4:15pm (excluding bank holidays)



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