



Your place to call home...for less

Shared Ownership - Buyers' Guide





# Shared Ownership

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Shared Ownership provides an affordable way to buy a home. You purchase a share in a brand new home and pay a subsidised rent on the part you don't own. In the future, if you wish, you can usually buy further shares until you own your home outright.

## Why buy a Shared Ownership home?

You own part of your home rather than paying rent with no return.

- You will only need to secure a mortgage for a percentage of the property price rather than the whole amount, making it more affordable in the short term.
- You'll also need a much smaller deposit than you would if you bought the property outright.
- The combined monthly mortgage and rent payments of shared ownership usually work out cheaper than buying outright. They are often less than renting a similar property privately.
- In most cases you can buy additional shares of your home if you want to. As your income increases you can buy more of your home which means that one day you could own your home outright. The more of your home you own, the less rent there is to pay.
- You only buy the share you can afford so you don't overstretch yourself financially.
- A variety of homes may be available from one bedroom apartments right through to large family houses.



## How Shared Ownership works

Shared Ownership enables you to buy a share in a new home and pay a subsidised rent on the remaining share.

The initial share you buy will usually be between 25% and 75% of the full purchase price and is tailored to suit your circumstances, meaning it is not only affordable for you now, but in the future too.

You will pay a subsidised rent to Orbit on the share that you don't own and in most cases you have the opportunity to purchase further shares in your home if you wish to, this is known as 'staircasing'. When you purchase further shares in your home the rent reduces accordingly, if you staircase to 100% ownership there is no rent to pay.

## Mortgage and rent?

Shared Ownership is designed to keep both the initial and ongoing costs of home ownership manageable and affordable.

The monthly costs of owning a Shared Ownership home usually work out less than if you had bought the home outright. In many cases the monthly costs are also less than renting privately. With Shared Ownership you only require a mortgage deposit on the share you're buying not the full value of the home making the scheme more affordable in the short term too.





## What will it cost?

It is important to seek independent financial advice, as one of the first things you will need to consider when buying a home is how much deposit you can afford to put down, how much you can borrow and which is the most suitable mortgage for your circumstances. An independent financial advisor (IFA) will be able to assist you with this and will also help you to complete your mortgage application.

To help you to decide which IFA to appoint we will provide you with a list of advisors who are experienced with Shared Ownership purchases. You do not have to use one of the IFA's from our list, however buyers who do generally find it easier and more efficient.

It is important that you know from the beginning what your new home will cost you. During your purchase there will be a number of associated purchase costs and once you have moved into your property there will be ongoing costs of home ownership.

## What am I buying?

Shared Ownership doesn't mean that you have to share your home with anyone else! When you buy a home with Shared Ownership you are a homeowner and will take on all the responsibilities and gain all of the benefits that go with owning your home.

You begin by purchasing part of your home under a lease.

A lease is a legal document between you and Orbit which proves that you own part of your home and will set out certain conditions which may include:

## Purchase costs

- Reservation fee – This is a £250 fee you pay to reserve your home. You'll get this back when the sale completes as it will be deducted from the monies due on completion. If you withdraw from your purchase during the sales process you may receive a full or partial refund depending on what stage the sale is at, however we do have the right to retain all £250 to cover legal and administrative costs incurred.
- Mortgage deposit – Your mortgage lender will usually require a deposit in order for you to secure a mortgage, this typically begins at 5% of the share you are purchasing but will vary from lender to lender. Your IFA will be able to discuss the deposit requirements of different lenders with you.
- Mortgage fees – Depending on which lender you choose there may be a fee as part of the mortgage application or mortgage valuation process. Your IFA or lender will be able to advise you about the fees applicable to you.
- Solicitors fees – These vary depending on the solicitor you use and will include items such as Land Registry fees, search fees and other expenses. We will provide you with a list of solicitors who have experience of Shared Ownership.
- Stamp Duty Land Tax (SDLT) – This is a government tax on buying a home. Your solicitor will be able to tell you if the tax applies and if it does, how much it will be.



Since you purchase your home under a lease you will be a 'leaseholder' and we will be what is known as a 'freeholder'.

You will have all of the rights and responsibilities that you would have if you owned the home outright.

## Can I sell my home?

Yes, just like any other homeowner you are free to sell the percentage that you own to another eligible person at any time. If you decide to sell your share you must instruct an Independent Valuer to set the selling price.

## Am I eligible for Shared Ownership?

Shared Ownership is normally aimed at first time buyers who are unable to buy a suitable home on the open market. However, applications from non-first time buyers may also be considered in the following circumstances if you:

- Are a previous homeowner who has had to sell due to say, a relationship breakdown.
- Need to move into a new area due to work or family commitments.
- Are an existing Shared Owner whose family has grown but are unable to afford a home that suits your needs outright.



## Ongoing costs

- Your mortgage on the part of the property that you own.
- Rent – Under the Shared Ownership scheme you pay a subsidised monthly rent on the share of the property you don't own. The rent is payable on the part of your home that you do not own therefore the larger the share you own, the less your rent will be.
- Service charge – If you purchase a property with communal areas you will normally pay a service charge. Your service charge is calculated at a monthly rate and covers the cost of the upkeep of communal areas such as gardens, pathways or hallways. If you buy a newly built apartment your service charge may also include a 'sinking fund'. A sinking fund covers the cost of major repairs that may be needed in the future – such as replacing the roof, redecorating shared areas and so on. Paying for these costs month by month means that you will not have to find a large amount of money to pay for these repairs in the future and will help you if you decide to sell your home as the new buyer will know that the money is available to cover any major repairs.
- Management fee – The management charge is payable monthly and helps us to cover the cost of running and managing the area in which you live. Some of the services that the management fee contributes towards are:
  - Rent and service charge collection.
  - Customer care and after sales service.
  - Staircasing applications.
  - Property management.
- Buildings insurance – As the freeholder of your home we need to make sure that your home is adequately insured. Orbit have a block policy which covers all of our homes, and as we require insurance on so many properties the premium payable is reduced meaning that we can pass the savings onto you.
- Other household costs – You will need to organise payment of your own contents insurance, council tax, utility bills, TV licence and any other utilities that you require e.g. internet, telephone etc.





# I've seen the home I want. So, what's next?

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## Step 1: Initial Application

- Visit the website below to find out whether you are eligible for Shared Ownership and how to apply:

<https://www.ownyourhome.gov.uk/scheme/shared-ownership/>

- Complete and return your Orbit plot preference form provided by the development sales team to indicate the home(s) you would like to apply for, and to provide us with your basic application details.
- Complete an initial phone based affordability assessment with the recommended Independent Financial Advisors (IFAs) for the development (to ensure that you can afford your home now and in the long term by taking into account any savings and any other financial commitments you may have).

## We will then:

- Check the information on your application form to make sure that you are eligible.
- If you are eligible we will agree the percentage share that you will purchase based on your affordability check.
- Confirm your plot allocation and hold this for you for 5 working days to allow you to continue your full application with our IFAs.

Please note that depending on scheme interest levels and eligibility requirements, we may need to wait until all applications can be assessed before confirming an allocation.



## Step 2: Full Application

You will then be asked to complete a full application with the recommended Independent Financial Advisors (IFAs) for the development within 5 working days and provide additional supporting documentation.

As a minimum the below is a guide to what will be required, although other details may be requested to support your application.



Proof of your income by way of your payslips for the last three months or a P60.	✓
If you are self-employed we will need to see three years audited accounts.	✓
Proof of savings such as a photocopy of a bank or building society account statement.	✓
Proof of gifted deposit if you are being gifted any funds by a relative to help with your purchase, together with a signed letter confirming the gifted amount and gift basis.	✓
A mortgage in principle certificate – Most banks/building societies provide this free of charge or your IFA will assist with this.	✓
Credit Report - your IFA will assist with this	✓
Proof of identity such as a passport or driving licence.	✓
Proof of address such as a recent utility bill.	✓
Proof of your local connection if required for the development.	✓

Your final assessment will then be sent to us for approval .

## Step 3: Reservation

Once you have been confirmed as eligible to proceed, we will contact you to arrange your reservation appointment and complete your reservation agreement. This will state any special conditions that the purchase involves and is normally based on an 'exchange of contracts' within 28 days from when reservation or legal papers are submitted.

We will also carry out a reservation checklist, which allows us to confirm key aspects of your purchase and review any relevant plans and information with you.

At this stage we will ask you for a £250 reservation fee payment.



## Step 4: Appointing a solicitor

Everyone who purchases a property will need to appoint a solicitor to carry out the necessary legal work. Your solicitor will act on your behalf and will:

- Check the lease.
- Speak with your mortgage lender and our solicitors.
- Carry out 'searches' and check that there are no issues that will affect your new home.
- Ensure that legal paperwork and the mortgage are in place in time for you to move into your new home.

Before you appoint a solicitor you should get an estimate of the likely costs. Some of the costs involved include:

- Solicitors Fee.
- Land Registry Fee.
- Search Fees.
- Expenses (known as disbursements).

To help you to decide which solicitor to appoint we will send you a list of independent solicitors who are experienced in Shared Ownership purchases. You do not have to use one of the recommended independent solicitors, however buyers who do generally buy more quickly and easily. If you do not use an independent solicitor from our panel you should make sure that your solicitor has previous experience of Shared Ownership purchases.

## Step 5: The sales process

Once we have received your reservation fee and you have confirmed the solicitor that will be representing you, we will issue a 'reservation document' to you and all solicitors involved. This document summarises the details of your proposed purchase and will give a date for when you must exchange contracts (usually within 28 days from when reservation or legal papers are submitted).

During the sales process your solicitor will carry out searches, check over the lease and raise any questions they may have to our solicitor. The legal term for this process is 'conveyancing'. You must also inform your mortgage lender of the details of the home you are buying. Your mortgage lender will instruct a valuer to inspect your new home to ensure that they are happy it is suitable for them to lend on.

Once you receive a copy of your mortgage offer and valuation report we will need to see a copy to approve.

Throughout the sales process your appointed Sales Consultant will be available to answer any questions you may have.



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## Step 6: Exchange of contracts

You are now entering the last stages of the legal process.

Exchanging contracts means that the buyer and the seller are both legally committed to the sale; you are legally bound to buy the home and we are legally bound to sell to you.

If your home is complete and ready to occupy, your 'completion date' - the date that you get the keys and move into your new home - is usually within 10 working days of exchange of contracts.

If your home isn't yet ready to occupy, exchange takes place 'on notice' and we then 'serve notice' to complete once the home is ready to move into - again usually within 10 working days of notice being served to your solicitors.

## Step 7: Completion day

In readiness for completion, your mortgage lender will have transferred the mortgage monies to your solicitor. Your solicitor will then pass that money on to our solicitors, once this is received the transaction will 'complete' and it's time to move into your new home!

Our sales team will usually make arrangements to meet you at your new home to give you the keys and you will also receive a handover pack, which includes:

- Instructions for your new appliances such as heating, white goods, etc.
- NHBC warranty handbook or equivalent.

# After your purchase

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## Who is responsible for repairs and maintenance?

- If you own a house you are responsible for all repairs and maintenance to the inside and outside of your home, unless covered by your new home warranty.
- If you own an apartment you are responsible for maintaining the inside of your home, unless covered by your new home warranty. Orbit will take care of the day to day repairs, maintenance and decoration of the outside and any shared areas. This is paid for through your service charge.

## What about repairs soon after I move in?

Your new home is covered by a new home warranty which covers your home for defects on the building workmanship for an initial period from completion, and for structural problems for 10 years.

As with all new homes you may experience teething problems. You will be provided with details of who to contact to raise any concerns, and on what is and isn't considered a defect, when you move into your new home.

## Do I need permission if I want to make alterations or improvements to my home?

You don't need permission for redecorating and simple repairs but for anything more complicated you will.

This is partly to protect our interest in the property but also to ensure that you keep all the benefit of any improvements that add value to your home.

## How do I buy extra shares?

Buying additional shares in your home is known as 'staircasing'.

The price you pay for additional shares is based on the market value of your home at the time you want to buy. This value may go up or down according to housing market conditions generally. The value of your home will be set by an independent RICS Surveyor. There will be some costs involved in staircasing such as the valuation fee and solicitors fees although it shouldn't cost as much as buying your initial share.

In most cases you are able to staircase up to 100% ownership at which time you will become the freeholder of your home.



# Customer Charter

## Our Promise:

We aim to design, build and deliver quality affordable new homes in attractive settings; creating places for people to enjoy and thrive. Buying a new home is one of the biggest decisions you will ever make and we want to make the process as straightforward as possible.

## Our Customer Charter:

With over fifty years of expertise and experience in providing mixed tenure, high quality housing, to suit the widest number of people; we aim to create attractive places for people to enjoy.

With each of our homes built to our own high standards, we strive to help you find your place to thrive.

Our friendly and experienced Sales Consultants and Customer Care team will be on hand to guide you through the buying process and be available to help with any queries or concerns when you move in.



## We promise that:

- We will train our team to efficiently deal with any queries you may have. The training encompasses details of our Customer Charter as well as the responsibilities of our team to you, the homebuyer.
  - Our marketing and advertising will be clear and truthful. As part of the buying process of your Orbit home, you will receive detailed information explaining the purchase process and how you can get the most out of living in your chosen new home.
  - Our communications with you will be open and honest and we will answer any questions you may have.
  - We will be on hand to assist you throughout the buying process of your Orbit home, and we want to ensure you are very happy with your purchase.
  - Our Contract of Sale Terms & Conditions will be clear and accurate; we will fully explain your cancellation rights.
  - If you are moving into your new Orbit home during the construction period, we will do our best to keep the area around your home as clean and tidy as possible. Health and safety advice will be provided by our site team to minimise the risk of danger to you and your loved ones.
  - We will keep you updated throughout the buying process and provide you with an anticipated completion date of your new Orbit home. This will help you plan ahead for your moving day.
- We will ask you to attend a Pre-Completion Inspection and Home Demonstration visit with our team, before Legal Completion, to give you a personal tour and demonstrate the fixtures and fittings within your new Orbit home. This will also give you the opportunity to inspect your home and identify any potential minor defects that we will address within our agreed timeframe.
  - We will give you a Homeowner's Manual which sets out everything you need to know about our Customer Care service. This will be handed over to you on the day you complete your purchase. It will detail the after-care service we provide, your point of contact and which guarantees and warranties apply to your new Orbit home.
  - We will provide you with reliable information about NHBC's Buildmark Warranty or equivalent. A member of our dedicated Customer Service Department will deal with any queries or problems should they arise, in accordance with the 2-Year Builders Guarantee Period or equivalent.
- We will provide you with our Complaints Procedure and details of who to contact should you believe that we have not satisfactorily fulfilled our commitments.
- We want to help you throughout the process so that you can enjoy your experience of buying your new home and find your place to thrive from Orbit Homes. We are always looking to improve our service by receiving valuable feedback from our customer surveys, and you will be contacted approximately 6 weeks after you move into your new home.

# Contact us

We're here to help so please contact us if you have any queries;

 [homes@orbit.org.uk](mailto:homes@orbit.org.uk)

 [orbithomes.org.uk](http://orbithomes.org.uk)



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