



Shared Ownership Buyers' guide

Thank you for asking about buying
a Shared Ownership home.

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This guide will help you to understand how to buy your first home the affordable way.

Why buy with Shared Ownership? Here are some quick reminders on how Shared Ownership can work for you.

Affordable by design

Although you will need to pay a deposit to the mortgage lender, it will only be on the percentage of the share you are going to buy and not of the whole market value of the property. Because Shared Ownership works on a part-buy, part-rent basis, your monthly housing costs are kept manageable, predictable and affordable.

Chain-free

Your move won't be affected by other people in a chain. Our expert sales team are on hand to guide you through the buying process step-by-step.

Just move in

Because your home is new, you don't need to tear down wallpaper, rip out the bathroom or repaint the brickwork! Just move your things in and enjoy your new space.

Peace of mind

As well as being affordable, your new home will come with a 10-year National House Building Council warranty* against faults in materials and workmanship, meaning that you don't have to worry about unexpected repairs. Please visit the website at www.nhbc.co.uk for more details on what this warranty covers.

Energy efficient

Because your new home will be built to the latest standards you should save on heating bills.

Our support

We are with you every step of the way, which means we don't just hand you the keys and walk away. Our housing management teams are there to offer you support and advice so you always have somewhere to go if you need a helping hand.

* Warranty may vary – please check with the sales team at the point of reservation.

Shared Ownership provides a route in to home ownership for working people who are priced out of their local housing market.

How does Shared Ownership work?

It works by enabling you to buy a share in your new home that you can afford, and pay a subsidised rent to the Metropolitan Housing Partnership on the part you don't own. You can buy a further share in your home when you can afford to (this is called 'Staircasing' and you can usually do this until you own a 100% share and own your home outright).

Am I eligible?

You need to earn enough to pay the costs of owning a home but not be able to afford to buy a suitable home without help on the open market.

Priority is given to:

- Public sector tenants and eligible Ministry of Defence personnel
- Other applicants considered by the local authority as being in priority housing need – for example housing waiting list applicants and key workers

- Other first time buyers with a local connection – for example living or working in the area who may be renting a home privately or living with parents/friends.

You cannot buy through the Shared Ownership scheme if your household income is £60,000 a year or more.

How to apply

You must apply to your local HomeBuy agent or, if you are looking to buy in London, your local FIRST STEPS agent.

Visit the website www.directgov.uk or call us on 020 3535 2700 if you are not sure who your local HomeBuy agent is.

Being pre-approved by your local HomeBuy agent or FIRST STEPS will help you avoid delay in the early stages of buying a Shared Ownership home.



Reserving a home

If you are interested in buying a home from us you can reserve your home by paying a deposit of £100 (one hundred pounds). This will hold the property for you for 10 working days.

If you are eligible, we will invite you to choose an Independent Financial Advisor (IFA) from an approved list of financial advisers. The IFA will contact you within five working days to arrange for you to have an eligibility and financial assessment.

At the assessment the IFA will advise you about your financial obligations, what is financially sustainable for you, and any costs you will be responsible for.

You will be asked to provide the following original documents:

- Identification – for example your passport
- Proof of your name and address , for example utility or council tax bill
- Proof of your salary for example 3 months payslips or P60

- Proof of your savings for example a building society statement
- Details of any children living with you for example child benefit notification
- Any other appropriate information in support of your application.

When the IFA contacts you he or she will give you full details of the documents you need to bring to the interview.

The interview allows the IFA to assess whether you meet eligibility and financial requirements for buying the home you are interested in, and advise you on what share of the home you can afford to buy, based on the information you provide.

The IFA will be able to give you advice on mortgages. They will search for the best mortgage offers to meet your needs and refer you to a selection of lenders that will be able to help you. You do not have to use one of these suggested lenders. You can go to a different high street lender of your choice, but this could delay the buying process.

Buying costs and deposits

You will need access to savings to cover any deposits and reservation fees required for your purchase. This will depend upon the type of mortgage you request. You will usually be required to pay a deposit equivalent to 10% of the share you are purchasing to Metropolitan Home Ownership (MHO) if you proceed to exchange of contracts. Any reservation fees paid to MHO throughout the sale process will be deducted at completion.

You will also need to cover the following costs:

Solicitor fees

We will give you a list of solicitors who have experience of Shared Ownership. Your solicitor will be able to give you a quote for their work and may require some payment in advance to cover disbursements – for example local search costs.

Stamp duty

Stamp duty is the tax that you pay when you buy a property. Your solicitor will tell you whether you will have to pay this.

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 give you more details on fees that will be applicable to the mortgage recommended for you. Please also ask the IFA assisting you with your mortgage application whether any fees are charged for their advice.

Other costs

You also pay rent, service charges (management fees) and ground rent on the Shared Ownership home you buy when you complete your purchase. You will need to pay the first month's rent and service charge in advance on completion.

Rents are initially capped at 3% of the share you don't own and usually increase annually in line with the Retail Price Index (RPI) at a rate of RPI plus 0.5%.

More detail on service charges can be found on page 10 of this guide.



The offer

After the financial assessment, if we agree to sell to you we will send you an offer letter.

This will confirm details of the home and the share you can afford to buy. You then have five working days to fill in and return a form which confirms the names of your lender and the solicitor you have chosen, and the full names of who is buying the home. When you return this form, you will need to send a cheque for £400 as the deposit (we do not accept cash payments). We will bank the £400 deposit, and the £100 deposit you paid when you reserved the home.

If you accept the offer but then decide that you do not want to buy, we will return the £400 deposit but keep the £100 deposit to cover our administration costs.

Upon receiving your acceptance form and deposit, we will instruct our solicitor to send your solicitor all the paperwork for the home you are buying.

Once we have instructed our solicitors, we set a deadline to exchange contracts; this deadline is normally within 28 days from instruction. During this time your solicitor will raise and receive answers to questions they have, and your mortgage lender will value the property and send you a mortgage offer.

When you receive the mortgage offer, a copy will be sent to our solicitor so he or she can make sure that all details are correct. Your solicitor will then ask you to make an appointment to sign the relevant paperwork. At this point your solicitor will ask for a deposit of 10% of your share purchase price so you can exchange contracts.

If the home you are buying is ready to be lived in when we exchange contracts, you will be given a completion date (the date you will officially become the leaseholder). This will usually be 10 working days after exchange of contracts.

If you are buying a home off-plan (that is, a home that is still being built or has not yet started to be built), your solicitor can still exchange contracts but completion will take place 'on notice'.

This means you are committed to buying, and we are committed to selling, but you will have to wait until your new home is ready.

You can move into the property on the completion date. Before the completion date, your solicitor will send you a 'completion statement'. This will show all the costs related to your purchase, including the deposits paid and the amount due to your solicitor.

If you do not exchange contracts and complete the sale within the terms of the offer letter, we can offer the home to another applicant referred to us by the local HomeBuy or FIRST STEPS agent.

Buying a home off-plan

Some of the homes we offer are built and ready to move into, but most homes will be offered off-plan. This means you can buy your new home before it is ready, giving you more time to plan your move, as well as offering the assurance that you are soon to become a homeowner.

When you buy a home off-plan you will first see plans and brochures or visit a show home. Once you have reserved your home, the price is agreed. Homes are normally offered up to six months before the building work is due to end. However, the date when they will be finished may change.

If you have any questions or concerns about buying your home off-plan get in touch with the sales officer for your chosen development.

Exchanging contracts and completing the sale

Once you have successfully exchanged contracts and been given your completion date, we will arrange to meet you at your home to hand over your keys, you're welcome pack and information about your home. At this time, we take meter readings for gas, electric and water supplies. You must then contact the gas, electricity and water companies, as well as your local council tax office, to let them know that you are the new home owner.



If you are currently renting a home, you will need to make arrangements to return the keys to your old home to your landlord. Make sure you check your tenancy agreement for details of how to end your tenancy correctly and return your keys. Your new home will already be covered by buildings insurance as this is included in your service charge.

You should make sure that you have contents insurance for your new home by the date of completion. Your IFA will be able to give you some advice on arranging this or you could take advantage of a Home Contents Insurance policy offered to all Metropolitan Housing Partnership leaseholders. For more information about this policy please speak to your sales officer or go to www.mho.co.uk where you can download the application forms.

Once you have completed your purchase, you will be responsible for the ongoing costs which are explained later in this booklet. You will have all the benefits of a new home and the peace of mind of buying what you can afford now. In the future you can buy a further share in your property.

How do I buy a further share in my home?

Staircasing is the name given to buying a further share in your home. It is governed by conditions set out in your lease. If you can afford to, you can staircase as soon and as often as you want. You can do this in steps from a minimum of 10% of the value of your home until you own the entire home.*

Each time you staircase, you will have your home valued by an independent valuer appointed by us. You will pay the costs associated with staircasing which will include administration, solicitor and mortgage valuation costs. The cost of buying an extra share will be based on the current open market valuation of your home. If you buy further shares of your home, the rent you pay will reduce.

*Staircasing terms may vary depending on the conditions set out in your lease



How do I sell my home?

Just like any other home owner, you are free to sell your home whenever it suits you. To ensure that your home can then be offered to others who are unable to afford to buy a home outright, we will for a period of time, have the right to find a buyer for your home, as set out in the terms of your lease.

If you want to sell your share of your home, please call our sales team on **020 3535 2555**. Your home will be valued by an independent valuer chosen by you, which we will instruct on your behalf.

Your home will be offered to home buyers registered with the local HomeBuy or FIRST STEPS agent for your area, at the price confirmed by the valuer.

You can get details from the MHO Sales Team on **020 3535 2555** or by emailing MHoresales@mht.co.uk. If we cannot find a buyer within the eight-week period (or the term advised in your lease), you can then sell the property yourself on the open market.

Leaseholders who are considering selling their homes will receive an information pack from our sales team which provides a step by step guide to the resale process and confirm the fees charged by MHO for our service to you.

Responsibilities of being a homeowner

When you have moved in, we will contact you to welcome you to your new home and arrange for rent and service charge payments to be set up.

You are responsible for paying your rent and all other charges regularly and on time.

Your Shared Ownership lease explains what we must do as your landlord and what you must do as a leaseholder.



Rent

You are responsible for paying your rent on time each and every month. The rent you pay is based on the percentage of the property MHO own. Please see your price list for details or contact your Sales Team for more information.

Rent is reviewed every year and increase in line with the Retail Price Index (RPI) plus a set percentage – currently 0.5%. Rent increases are reviewed in accordance with the terms set out in your lease.

Service charges

Each month we collect a service charge from you to cover the cost of providing all the services to the development you live in. The law defines a service charge as an amount which you must pay for services such as repairs, maintenance, insurance and management costs. The charge depends on the cost of these items, and we review the charges regularly.

Typical costs covered by the service charge for a flat include and is not limited to the following:

- Internal cleaning - the cost of cleaning shared areas such as stairs, hallways etc.
- External cleaning - picking up litter, sweeping / maintaining forecourts and roads etc.
- Refuse removal - the cost of hiring bins and removing large household items
- Grounds maintenance - maintaining grassed areas and trees
- Vehicle management - car parking arrangements, removing vehicles that are parked illegally
- Communal repairs - day-to-day repairs to shared parts of your block or estate
- Specialist contracts - repairs to entry systems or shared TV aerials etc.
- Landlord's services - the charge for electricity in shared parts of the building or estate
- Building insurance* - covers the repair or rebuild costs in the event of damage to the structure of the building by storm, lightning, fire, escape of water, and subsidence.
- Estate management fees - for managing estate service to the block or the estate
- Auditor's certifications - the fee for checking the block's or estate's accounts.

*Building insurance does not cover the contents of your home. You are strongly advised to arrange your own contents insurance to cover your belongings and the internal parts of the flat you are responsible for. Metropolitan may be able to quote for this, please ask for details.

If you have bought a brand new home, it will benefit from a 'defects guarantee.' Your home should be in excellent condition when you complete your purchase. Speak to your sales officer if you have any concerns or questions about the condition of the home you are buying.



If you have any difficulties paying your rent or service charge, let us know as soon as possible so that we can try to help you and avoid taking any legal action. Contact housing management, who will talk you through your options on what to do next.

Repairs and maintenance

The 'defects guarantee' will be for a fixed period (typically 12 months if you have bought off-plan, but this can vary). During this period, keep a record of any faults you discover so that you can report these during the 'defects inspection'. You are responsible for repairing and maintaining your home after the initial defects period has passed. Your welcome pack will give you details of who to contact should you need to make a repairs and maintenance enquiry.

If you want to carry out any improvements or alterations to your property, you must first get our permission in writing. Depending on the alterations you have in mind, you may have to ask a surveyor to write a specification for the work you have planned. You might need approval from your local authority.

You do not need our permission for simple redecorations and repairs, but you will for anything more complicated. If you are not sure, please ask us by sending us an email to mhosales@mht.co.uk.

Money matters

If you think you may be getting into difficulty meeting your repayments, please contact us as soon as possible. There are a number of ways in which we may be able to help you.

If you do get into financial difficulties, we work with **CASL**, an independent debt advice specialist which offers a free service to our customers.

Your home is at risk if you do not keep up repayments on a mortgage or any other loan secured on it.

We hope you've found this guide helpful. Remember that we are here to help and our aim is to make the home buying process as stress-free as possible.

If you need this information in another language or format (such as on audio tape or in Braille), please contact us.

To give us your feedback on this guide or any of our other documents, email the Marketing Team at mho_marketing@mht.co.uk

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Correct at time of going to print – subject to change. Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it.

Improving **life** together