



SHARED OWNERSHIP



What is shared ownership?

Shared ownership helps people who cannot afford to buy a home outright, to purchase a home in stages.

Hundred Houses owns the freehold of the property and sells a shared ownership lease to the occupier.

Applicants buy a share of the home (usually 50%, but it could be more or less) and pay Hundred Houses a subsidised rent on the rest.

The total monthly costs of the mortgage and rent are lower than the cost of a mortgage needed to buy the property outright.

Shared ownership homes are good quality newly built properties or older properties that have been completely refurbished and brought up to modern-day standards.

Who is eligible?

Generally shared ownership is available to first-time buyers who are not able to afford the full costs of outright ownership. Priority is normally given to existing public sector tenants or those on local authority or housing association waiting lists.



You will also have to satisfy the following conditions:

- Your bank or building Society is willing to arrange a mortgage for you;
- You have a regular income with a contract of employment and can afford the cost of the rent and the mortgage plus all your other living expenses;
- You cannot afford to buy a property on the open market that meets your housing needs;
- You have enough savings to pay a deposit, legal fees and other associated costs;
- You have no legal interest in any other property;
- You hold a British or EU passport or your passport is stamped with either ‘indefinite leave to remain’ or ‘indefinite right to enter’ or ‘right of abode’

There are other circumstances where you might be eligible and if you are unsure if you qualify you should contact us to find out more. Examples might be:

- You already own a property but have to move to a more expensive area for work reasons;
- You have to leave your property following a relationship breakdown.

In some cases, particularly homes in village locations, there may be restrictions on who can qualify for a home. These vary and we will let you know if there are any criteria affecting individual schemes.

Market value of the property	50% share purchased	Mortgage repayment	Rent payment	Total per month
£100,000	£50,000	£315	£104	£419
£150,000	£75,000	£470	£156	£626
£200,000	£100,000	£630	£208	£838

Based on:

- 100% repayment mortgage at 5.75% standard variable rate • 25 year mortgage
- Monthly rent calculated at 2.5% of the value of the unsold share

What will it cost me?

The amount of mortgage and rent you pay each month will depend on the price of the property and the size of the share you buy. It will also depend on mortgage rates and the term of your mortgage. The larger the share you buy, the higher the monthly costs of the mortgage. The figures shown in the above table give an indication of costs. Please note that this is for guidance only and rates may change. Your mortgage lender will calculate the cost of your mortgage and Hundred Houses will tell you what the monthly rent will be.

In most schemes you will also be required to pay a service charge. The service charge usually covers the costs of maintaining common areas in the locality and could include costs relating to parking areas, gardens, security measures or communal areas in flats.

There are other costs involved in buying a home, and you will need approximately £2,500 - £3,000 to finance the following:

- Legal fees (to your solicitor)
- Valuation fees (for a survey on the property which is required by banks and building societies. You may also wish to have your own independent survey of the property carried out)
- Mortgage arrangement fees (check with your lender)
- A reservation fee to secure your home

In addition you will also have to pay for the following:

- Stamp duty / land tax (this varies and your solicitor will provide full details)
- One months rent in advance to Hundred Houses
- Hiring a van or lorry to move your belongings
- New fittings or furniture

Day to day running costs of being a home owner include:

- Rent /service charge (to Hundred Houses Society)
- Mortgage (to your lender)
- Life assurance, mortgage or income protection costs
- Contents insurance (for your personal belongings)

- Council tax (to your local authority)
- Gas, electricity, water rates, telephone and internet charges
- Other bills such as TV rental and licence
- All repairs, decoration and maintenance costs – as a shared owner you are responsible for these.

Insurance

As freeholder, the Society will insure the structure of the property, but may pass back the cost of this to you through your rent or service charge. Under our policy there is currently an excess of £100 which you may have to pay if there was a claim. If you purchase your home outright we will remove your property from our insurance policy and you will be responsible for arranging your own buildings insurance. This will be a requirement by your lender if you have a mortgage.

The Society is not responsible for any of your personal effects and we strongly advise you to also arrange suitable contents insurance, from the date you move in, with a reputable company.

What information is included in the lease?

When you purchase a home under shared ownership you will be granted a lease, usually for 125 years. The lease entitles you to live in your home as an owner-occupier, and sets out how you can purchase further shares in the property, and the terms of selling the property.

Other clauses in the lease set out your responsibility for repairing the property and paying the rent and service charges, and how these may be increased. Although you have not bought the property outright, you will have the normal rights and responsibilities of a full owner-occupier.

How can I buy a bigger share of my home?

Usually you can buy a further share of your home after you have lived there for a year. This process is



known as staircasing. The share that you purchase will be based on the current market value of the property, which may have changed since you originally purchased a share. You will have to pay the valuers fee, and if you wish to proceed you will be allowed 3 months to arrange the mortgage and complete the purchase of the further share. Your rent will be adjusted to reflect the smaller share that you will be renting.

You can purchase further shares until you own the property outright, but there are some restrictions for example in smaller rural schemes or schemes for older people, which limit the total amount you can purchase of the property to 80%. This is so that low cost housing in these areas is preserved in perpetuity. We will let you know if this restriction applies.

Can I make improvements to my home?

If you wish to make alterations or additions to your home, including structural changes you must discuss it with us and obtain our written permission.

You may also need to get permission from your mortgage lender. If we approve your request, you will be responsible for obtaining local authority building and planning consent and for paying for all costs. If you sell your home, you may only get your share of the increase in value due to the improvement.

What if I fall behind on my mortgage repayments?

The mortgage contract is between you and your lender. If you start to have financial problems and cannot keep up with your repayments you should speak to your lender straight away. If you do not agree to a

solution there is the risk that they may take possession of your home and sell it. You would normally be entitled to your share of the money received after all your debts have been paid.

What if I fall behind on my rent or service charges?

Under the terms of your lease with us you are obliged to pay the rent and service charge. If you have any financial problems you must contact us straight away so that we can try and advise you.

What do I do if I want to sell my home?

You may sell your home but you must let us know in writing if you want to move. Your lease will specify the terms, which usually allow you to either sell the part of the home you own, or if you are able to buy the remaining share you can sell the property outright. You will benefit from any increases in the value according to the share that you own, but you should be aware that you may also be affected by any fall in values.

Clauses in the lease usually allow us to nominate prospective buyers for your home, and to restrict the sale price to an independent valuation. The reason for this is that shared ownership homes should remain available to the people for whom the scheme is intended.

For further information

contact us at:

Hundred Houses Society
51 Scotland Road
Cambridge
CB4 1QW

Telephone 01223 315036

Fax 01223 315087

Email info@hhs.org.uk

Website

www.hhs.org.uk

We are open Monday to Friday
(excluding public holidays)

Our switchboard is open from 8.45am to 5.00pm
(4.30pm Friday)

Our offices are open from 9.00am to 4.30pm
(4.00pm on Friday)

On the last Tuesday of each month the offices will be closed until 11.00am for staff training

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CUSTOMER SERVICE EXCELLENCE