



Shared Ownership Explained

with Octavia Housing and Care



OCTAVIA

SHARED OWNERSHIP EXPLAINED

Shared ownership is a scheme which aims to help those who are unable to afford the cost of buying a property outright on the open market.

It is a part buy, part rent scheme which lets you buy a share of the equity in your new home, this can be from 25%. You then pay a subsidised rent on the part you don't own to Octavia Housing and Care.

WHAT WILL I OWN?

You will buy your home on a Lease which will normally be 99 to 125 years for new homes. If you are buying a second hand property, the length of your Lease will be based on the number of years remaining since the original Lease was first issued. If the property is a house and you later decide to buy it outright, you will normally then be given the freehold.

CAN I BUY MORE EQUITY IN MY HOME?

Most Leases will state that after one year, you may purchase more equity in your home if you wish, or even purchase it outright. However, if you are not buying your property directly from Octavia Housing and Care, eg. if you are buying a shared ownership home from an existing leaseholder of Octavia Housing and Care, you may purchase more equity in your home after three months. The important point is that it is you who decides what is right for you. You do not have to buy additional equity in your home if you do not want to.

Please note, that some Leases may only allow you to purchase up to a specified percentage of the equity in your home. However, if this is the case it will be clearly stated on our sales material for the property.

As you only pay rent on the part that you do not own, it means that the more equity you own, the less rent you pay. And, if you should decide to purchase your home outright in the future, then there will not be any rent payable.

If you tell us that you wish to buy additional equity in your home, we will instruct an independent valuer from the Royal Institution of Chartered Surveyors to determine its new value. You will have to meet the cost of this valuation. The price you pay for any additional equity will be based on this valuation.

CAN I SELL MY HOME?

You may sell your home whenever you choose just like any other home owner. To make sure that your home can then be made available to others who cannot afford to buy outright, we will, for a short period, have the right to find a buyer for your home. We do charge a small fee for this service, although it is less than you would pay an Estate Agent. If we are unable to find a purchaser within the period specified within your Lease, then you are free to make your own arrangements to sell your home.

We will instruct an independent valuer from the Royal Institution of Chartered Surveyors to determine the new value of your home if you decide to sell. You will have to meet the cost of this valuation. The price you sell your equity for will be based on this valuation.

WHAT ARE THE INITIAL COSTS INVOLVED IN THE PURCHASE OF MY NEW HOME?

There are initial costs associated with purchasing a shared ownership home, just like there are if you buy on the open market. We recommend that you have a minimum of £3,000 in savings before proceeding with purchase and have set out below details of the costs you are likely to incur

Holding/Administration Fee

When you come along to view our properties, you will be given the opportunity to place a holding/administration fee of £250 on the property of your choice. If we are unable to offer you your choice of property, your cheque will be returned to you. If you accept an offer of a property from us and then do not proceed to complete your purchase, we will retain this fee to meet our legal and administrative costs.

Survey and Valuation Report

When you are buying a property, it is always advisable to have a survey report carried out. Your mortgage lender will want to make sure that the property you are buying is in a reasonable condition and that it is worth the money that we are asking you to pay. They will therefore want to carry out a survey on the property before you buy. If it is a new property, this will normally be a standard mortgage valuation report. If you are buying a second hand shared ownership property, you will require a more extensive survey report, normally a Homebuyer's Report and valuation. You should allow between £175 and £450 depending on the property you are buying and the type of survey you decide to have.

Legal Fees

You will also need a solicitor to act on your behalf and solicitor's fees do vary. However, as a general guide, you should allow around £500 to £850 for solicitor's fees. Always obtain a quotation from your solicitor before proceeding and remember to ask them about any disbursements. These are additional costs for Land Registry searches etc.

Stamp Duty Land Tax

All properties over a certain value are subject to Stamp Duty Land Tax and your solicitor will advise you of the current rate at which this is payable and how it should be paid.

Deposit on Exchange of Contracts

When you exchange contracts on your new home, we will ask you to pay a further £250 deposit. This will be added to the holding/administration fee you have already paid to form a total deposit on exchange of contracts of £500. When you complete your purchase we will deduct any rent and service charge payable and the remainder will be deducted from the purchase price.

Some mortgage lenders may give you a mortgage for the full value of the equity share you are buying, subject to status. However, you may be required to fund the first 5% of the purchase price.

WHAT ARE THE COSTS ONCE I MOVE IN?

If you have taken out a mortgage to buy your home, there will be a monthly mortgage payment. There will also be the monthly rent to Octavia Housing and Care on the part you do not own. With some properties, usually flats, there will also be a service charge payable to cover the cost of maintaining the exterior of the building and any communal areas. The service charge is payable even if you should decide to buy your property outright in the future.

Octavia Housing and Care will also have to take out buildings insurance on your new home and will recharge the cost of this to you, usually through your service charge.

Even though you will not own the whole property, you will still be responsible for your household bills.

WHO CAN BUY A SHARED OWNERSHIP HOME?

Shared ownership is designed to help those who cannot afford to buy a home outright on the open market, although your income must be enough to cover your monthly mortgage, rent and service charge. You should also have some savings to cover the initial purchase costs.

You should normally be a first time buyer, although we may be able to help you if you have previously owned a property with a partner but that relationship has broken down, or your existing property is unsuitable for your needs or where you need to move to a higher value area for your employment or to look after an elderly or sick dependent relative.

We will not be able to help you if you have had any arrears of rent or mortgage in the past six months.

You must have a good credit history with no record of County Court Judgements or loan defaults registered against you in the past six months. Any previous debts should be fully paid and a Certificate of Satisfaction of Debt provided.

HOW DO I APPLY?

Complete the enclosed application form and return it to us at the address below. We will check to see if you qualify and will let you know if your application has been accepted. We may sometimes contact you for additional information.

As demand for shared ownership often exceeds the number of properties available, it is possible that we may be unable to help you even if you qualify. However we will always tell you of the current position.

If you have any questions, or need any help in completing your application form, please contact our marketing and sales consultants:-

Stagnell Fox Limited Telephone: 0845 130 1422 E-mail: sfl@stagnellfox.co.uk