



WHITE HORSE
HOUSING



Your guide to Shared Ownership

www.whitehorsehousing.co.uk

Who is White Horse Housing Association?

We are a small not-for-profit housing association that has been in existence for over 30 years. We currently own and manage 370 homes across Wiltshire, Swindon, Somerset and surrounding areas. We specialise in providing high quality affordable housing within rural villages for people with a local connection to that area. Our homes are a mixture of social rented and shared ownership properties. We are regulated by the Regulator for Social Housing.

Our vision is to “be a leading provider of high quality affordable homes in the rural areas of Wiltshire, Swindon, Somerset & surrounding areas. To provide excellent management and maintenance services to our customers and to help maintain vibrant and thriving communities”.



Our Values

White Horse Housing will act with integrity, openness, accountability, honesty, impartiality and respect in everything we do. We do this by:

- keeping our commitments and promises to our customers, stakeholders and staff and following through on our actions;
- being consistent in all our activities, demonstrating an open minded and impartial approach;
- promoting equality of opportunity, respecting each other and celebrating diversity so that everyone can give of their best in every aspect of our business;
- putting customers first: listening to them, understanding their needs, treating complaints as an opportunity to learn and recognising the impact our work has on both our customers and stakeholders;
- valuing our staff and encouraging them to take individual responsibility for problems and find solutions to them;
- continually striving to improve the service we provide.

Why buy through Shared Ownership?

If you buy through Shared Ownership:

- you will own part of your home, rather than paying full rent with no stake in the ownership
- your monthly mortgage and rent can work out much cheaper than buying outright, and sometimes not much more than renting
- you can buy more shares or move if you want to in the future
- you only buy what you and we feel you can afford so you don't overstretch yourself financially.

So what am I actually buying?

Shared Ownership is a part buy/part rent scheme. It is partly funded by the government and aims to help first-time buyers. It is designed as a stepping stone to completely owning your own home, allowing you to buy what you want when you can afford it. Buying through Shared Ownership makes you an owner occupier, not a part tenant. You start off buying a share in your new home on a 125-year lease. Your lease is a legal document that proves you own part of your home. Your lease sets out certain conditions such as:

- how often your rent & service charge goes up
- how much it will go up by
- what you should expect from us; and
- your rights and responsibilities as owner occupier.

Since you'll own a lease you will be a 'leaseholder' and we'll be what is known as the 'landlord'. You will have the same responsibilities as a full owner occupier. If you decide to buy the remaining share of your home, you will own your home outright. If you own a house, you'll get the freehold like any other house owner. If you own an apartment, you'll remain a leaseholder like any other apartment owner. This is because your home is in a block of apartments and your lease sets out responsibilities for use and maintenance to all shared areas.

You will still be responsible for the ground rent and service charge which will include Buildings Insurance.



So how can I apply for a property?

By the time you read this booklet you'll normally have an interest in purchasing a Shared Ownership property, made an enquiry direct to White Horse Housing or even seen the home that you would like to buy. A member of staff will explain Shared Ownership in detail before you commit yourself.

Everyone who is interested in buying a Shared Ownership property must first be registered with the local Help to Buy Agent. For the South west this is 'Help to Buy (South)' –

www.helptobuyagent3.org.uk You can apply on-line and all Shared Ownership properties and other low cost home ownership products available in the region are advertised on their web-site. They will tell you if you are eligible for a shared ownership property.

If you wish to express an interest in a White Horse Housing property you must complete one of our application forms and submit it direct to us. Offers of homes are made in line with White Horse Housing's Shared Ownership Allocation and Affordability policy as set out on page 12 of this booklet. If we offer you a home and, if you accept, you must pay a Reservation Fee of £250 to White Horse Housing. The reservation fee paid will be deducted from the share of the property you buy at completion. However, you will lose your money if:

- you decide not to go ahead, for whatever reason, including you change your mind; or
- we withdraw our offer of a home because you have given false or misleading information during your application

You must then attend an interview with an Independent Financial Advisor (IFA).

The Shared Ownership Interview and Financial Assessment

White Horse Housing staff are not qualified, or authorised, to provide financial advice so we will ask you to attend an interview with an Independent Financial Advisor (IFA) who is regulated by the Financial Services Authority and has an extensive knowledge of mortgages and associated products for shared ownership properties. The IFA will complete an affordability assessment for you and will advise you on arranging a mortgage. It is important you attend this interview otherwise you will be unable to buy the home you have been offered.

At the interview the financial advisor will:

- check the information you have given on your application is correct,
- using White Horse Housing's Affordability Criteria, assess if you can afford to buy and sustain your new home.
- agree the percentage share that you can purchase - based on income, savings and outstanding credit commitments - where the percentage has not already been fixed.
- give you information about choosing a solicitor; and,
- provide information about choosing the right mortgage.

So that we can help you purchase your new home as quickly as possible, you must bring the following information/documents to the interview: pay-slips for the last 3 months. (whether you are paid weekly or monthly) or,

- if you are self-employed, copies of your audited accounts for the last two years from a certified or chartered accountant, OR the last 2 years tax assessments from the Inland Revenue.
- passports
- last 3 months bank statements (for all accounts)
- latest P60 (original)
- a photocopy of your marriage certificate, where applicable
- details of any previous surnames
- child benefit book

- a recent rent statement or copy of your rent book, if you have one
- proof of residency for all addresses you have lived at for the past three years. This can be in the form of utility bills or council tax documentation or bank statements. If you are unable to provide any of this for any addresses, a letter from their bank confirming that correspondence was sent to you at this address will do
- if you have any hire purchase or personal loans then please bring along with you the original agreement and current statements
- proof of savings
- a cheque book in case it is needed to pay mortgage valuation or arrangement fees.

Important: If you are going to live or buy your home with someone else they must attend the interview with you and bring all the information requested above.

If you do not attend the interview you could lose your reservation fee, and the home you want may be offered to someone else. If you do not bring the information listed above, the interview will not be able to go ahead.

The IFA will be able to help you arrange a mortgage – if you want them to. They will help you fill in the mortgage application form. If you want to arrange your own mortgage, you should talk to some banks and building societies and make sure that you tell them you are buying a Shared Ownership property and the percentage share that you are buying.



Appointing a Solicitor

Everyone who buys a home needs a solicitor to do the necessary legal work. Your solicitor will:

- make sure you have everything necessary to help you buy your home quickly
- check the lease and speak to your mortgage lender and our solicitors
- carry out what are known as 'searches', checking that we actually own the home we're selling you and making sure there are no planned developments (such as new roads) that will affect your home; and
- check that all the paperwork and your mortgage are in place in time for you to move into your new home.

You should make sure you get a quotation of the likely costs before you appoint a solicitor. It should cost you between £600 and £1,000 including their fee, the land registry fee, search fees and any expenses excluding stamp duty (known as disbursements). We recommend you always obtain a quotation before instructing.

Remember that you pay for your solicitor's time, so the more often you write to or phone your solicitor, the higher the charge is likely to be.

After the financial interview

After your interview, provided they agree you can afford to purchase and sustain the property, we will issue a Memorandum of Sale (MoS) to all parties involved. This summarises the details of your proposed purchase.

Meanwhile, your mortgage lender will be preparing your mortgage offer and your solicitor will be doing the legal paperwork.

Early on, a valuer will inspect your new home on behalf of your mortgage lender to make sure it is worth what you are paying for it. Your lender will also be getting references about you from your employer, your bank and your landlord.

If you have not received your mortgage offer three weeks after your interview you must let your IFA know so that they can chase it up for you. However, our staff will also try to move things along for you and they will contact you regularly to make sure everything is going smoothly.

Once you receive your mortgage offer you should contact your solicitor straight away to arrange an appointment to sign your contract and arrange for your copy of the mortgage to be sent to our sales team. Your solicitor must send your mortgage offer to our solicitor for approval. Your solicitor will ask you to leave a deposit of £1,000 in the form of a 'banker's draft' or a building society cheque. This is a guaranteed cheque your bank or building society will provide for you if you give them a few days notice.

When you have paid your deposit and signed your contract, then 'exchange of contracts' can take place. Exchange of contracts means that your solicitor and our solicitor actually 'swap' the signed contracts. You are then legally bound to buy the home and we are legally bound to sell it – so neither of us can change our minds! We'll give you a date on which you can move into your home as soon as it is ready, this date is called the 'completion date'. If your home is still under construction we will let you know when it is ready and then arrange a completion date. This is known as 'completion on notice'.



The completion date finally arrives...

On the completion date, your mortgage lender will give your solicitor the money to buy your home. Your solicitor will then pass that money on to our solicitors. Once this is done, we can give you the keys to your new home so you can move in.

Your keys will be ready for you to collect from approximately 1pm onwards depending on when our solicitors confirm they have completed the sale, and our staff will make arrangements to meet you at your new home and give you your keys. On the completion day you will also receive:

- all the instructions for your central heating and other appliances (as applicable)
- NHBC handbook (or equivalent) for new build properties
- Other information and contact details for White Horse Housing

We will also take meter readings so that we can pass on readings to your utility suppliers and inform the local council you've moved in. You must ensure that you also contact these providers to set up an account and update your personal details.

So how much will all this cost?

Starting-out costs

You must have at least on average £3,000 to £10,000 savings to cover the costs of buying (depending on the value of your home). These costs are made up of the following:

- **The reservation fee** – This is the £250 you pay to reserve your home. You'll get this back when you buy your home (it is taken off the purchase price).
- **The mortgage valuation fee** – Your mortgage lender will arrange a valuation of your home, to check that it is worth the price you are paying. This cost is around £250 - £350 but it may vary from lender to lender. You pay this when you apply for your mortgage.

- **Mortgage arrangement fees** – For fixed rate mortgages there are usually 'arrangement' or 'application fees'. These vary from lender to lender but you should allow £400 -£500. Generally, the longer the interest rate is fixed for, the higher the fee. These fees are not returnable, so if you pull out later, you may lose this money. Your lender will tell you when you pay it.
- **Solicitors' fees** – These should usually be £600 to £1,000 including Land Registry fees, local search fees and other expenses, but excluding stamp duty. You pay these on the completion date.
- **Stamp Duty Land Tax (SDLT)*** – This is a government tax on buying a home. When you buy a share in a property through an approved shared ownership scheme, you may have to pay Stamp Duty Land Tax (SDLT). There are 2 ways to pay and you can choose which option's best for you, depending on your circumstances.

1. Make a one-off payment based on the total market value of the property.
2. Pay any SDLT due in stages.

If you decide to make a one-off payment up front, this is making a 'market value election' for SDLT.

If you choose to pay SDLT in stages, you pay everything that's due on the first sale amount plus a proportion of the rent. But then you don't make any further payments until you own more than an 80% share of the property.

First-time buyers pay no stamp duty on the first £300,000 for property purchases up to £500,000.

If you are not a first-time buyer, you will have to pay stamp duty on the value over £125,000 and currently (October 2019) the rates are 2% on £125,000 to £250,000 and then 5% on £250,000 to £925,000.

Your solicitor will be able to tell you the exact cost. You pay the SDLT to your solicitor on the completion date.

- **Removal costs** - If you are going to use a removal company to remove your furniture, make sure you get two or three quotes as costs can vary enormously. You could pay £150 to £500, so it pays to shop around. You usually pay this on the day you move.
- **Deposit** - we'll ask you for a deposit of £1,000 when you exchange contracts. Like the reservation fee, the deposit is taken off the price of your home - it isn't extra money for you.
- **Telephone connection charges** - You will have to pay a connection charge to be connected to the phone company. The cost is likely to be around £150.

On-going costs

Your mortgage payment

Each month you'll make your payment to your mortgage lender, usually by direct debit. The mortgage payment is between you and your mortgage lender, but as we own part of your home, we want to make sure our investment is protected, just as much as you do.

What happens if I am unable to pay my mortgage?

If you fall behind on your mortgage payments, or you think it could happen, ask for help from your mortgage lender. Many mortgage lenders will allow you to stretch your payments over a longer period while you both find a permanent solution.

If you do not get help, or your financial problems continue and you get into debt, the mortgage lender can repossess your home and repay your mortgage.

If this happens you might lose all the money you put into your home, including the interest you have paid up to that point. Also, if your money from selling your home doesn't cover the amount owed to the mortgage lender, you will be responsible for paying the difference. Losing your home in this way could also mean that you'll have trouble getting a mortgage in the future.

The most important thing is to let us and your mortgage lender know as soon as possible. We'll do everything we can to help you sort your problems out.

Your rent

You will pay your rent to us by direct debit. This makes payment simple and convenient for everyone as the payments are taken directly from your bank account. Your rent will go up on April 1st each year by a set amount as agreed in your lease. We'll tell you the amount you will have to pay for your new rent every February.

What happens if I am unable to pay my rent or service charge?

Some of the money we need to build Shared Ownership homes has to be borrowed from the banks. Your rent repays these loans so it's important that you pay your rent on time. If you miss a payment we will contact you. If you continue not to pay your rent you may have to pay administration costs and eventually we may take you to court and you could lose your home.

If you have difficulties paying your rent and service charge, you should get in touch with us as soon as possible. If you are in genuine financial difficulty, we will do everything we can to help you. We can often arrange payment plans, put you in touch with your local benefit agency, speak to your mortgage lender and put you in touch with an independent debt counsellor.

Everyone who owns their own home through Shared Ownership pays a management and insurance charge each month along with their rent. Your home is at risk if you fail to keep up repayments on a mortgage or other loans secured on it.



Management Charge

This covers the cost of managing the services we provide, as set out in the lease. Please see below a list of some of the services covered by the management fee:-

- rent and service charge collection
- day to day property management – repairs, management of shared cleaning and gardening contracts
- anti-social behaviour support

Insurance

If you live in a shared ownership apartment we will usually own the freehold of your home, so we need to make sure your home is adequately insured. We have a block policy which covers all our properties. As we require insurance on so many properties the premium payable is reduced and we can pass these savings on to you.

However, buildings insurance doesn't cover your contents, possessions or liability so you need your own contents insurance too.

Service Charges - do I pay one?

Service charges usually only apply to apartments, though there can sometimes be a small service charge for houses if there are shared areas such as access roads, lighting, car parks or gardens.

The service charge for apartments covers the following:

- the cost of all day-to-day and future repairs and maintenance to the outside of the building and all the shared areas. This could be the roof, communal TV aerial, entry phones - anything that is used by everyone in the apartment block
- the cost of cleaning and gardening to shared areas
- the cost of lighting shared areas

For some houses there might be a service charge that could cover:

- the cost of gardening to shared areas; and
- the cost of cleaning shared areas
- the cost of maintaining drainage and sewage pumps if the council is not responsible.

We only charge you what we have to pay out on services. We do not make a profit. Each year we will send you a statement of what we have spent in the previous year and what we estimate the charge will be for the following year. The service charges are checked by independent, professional auditors and the annual statement will show what we have spent compared to what we collected from you with the balance being charged or credited to your next bill.

Reserve fund

If you buy a newly built apartment, some of the money we collect through the service charge is put in to a 'repairs saving fund' called a sinking fund or reserve fund. The fund is kept in a separate account (which earns interest) towards the cost of major repairs and replacements in the future - such as cyclical work, replacing the roof, redecorating shared hallways and so on.

Paying for repair costs month-by-month is a good idea so that you'll reduce the risk of having to pay a large amount of money for repairs in the future. It will help you later on if you decide to sell your home, because the new buyer will know that the money is available to cover any major repairs. Each year, you'll receive a statement of this fund.



After you move in....

Repairs and Maintenance - who does them?

If you own a house, you are responsible for all repairs and maintenance to the inside and outside of your home. If you own an apartment, you are responsible for maintaining the inside. We'll take care of day-to-day repairs, maintenance and decoration to the outside of the apartments and any shared areas. This is paid for through your service charge.

Repairs after I've just moved in - who does them?

With all new homes, there are bound to be teething problems. Most of these will be minor problems like 'sticking' doors or windows. The builder will inspect the property, usually after 12 months from building completion, and arrange to put this right. Any more urgent repairs (as a result of defective workmanship/materials) should be reported to us - this only applies to newly constructed homes where you are the first occupier. We will arrange for the builders to put the problem right but they may liaise direct with you to make appointments and you will have to be available to provide access. How quickly they do this will depend on how urgent the repair is. You will be responsible for any accidental damage.

Your home is also covered by the National House Builders Council's (NHBC) warranty or an equivalent which covers your home for defects in the building workmanship for the first two years after you move in and for structural problems for ten years, in some cases 12 years.

Alterations and improvements

You don't need our permission for redecorating and simple repairs, but you will for anything more complicated. If in doubt please contact us. Make sure you keep all the benefit of any significant improvements that add value to your home by agreeing the work beforehand. That way if you decide to buy more shares in your home, we will exclude the value of any improvements you have made. This ensures you get the benefits – not us. It is important to note when you sell your home that you will receive your share of the full market value including the value that significant improvements you have done add to the market value.

For example, if you own a 40% share you will receive 40% of the full market value at the time of sale from your buyer.

Increasing your share

You've found your new home, bought it and moved in. You then have the choice of buying a bigger share in your home if you want to. This is called 'stair-casing'. We recommend you consult your lease and take advice from a legal representative when you're ready to do this. The price you pay for any extra share is based on the market value of your home at the time you want to buy.

This value can go up or down according to house prices generally. The value will be set by an independent surveyor. There will be some costs involved in stair-casing such as a valuation fee and solicitors' fees, although it shouldn't cost as much as buying your first share. For more information please contact us.

Selling your home

You can sell your home at any time. Under the terms of your lease White Horse Housing has 8 weeks to find a buyer for your home. This helps you as it saves you the expense of going to an estate agent and doing all the hard work yourself. We'll make a charge of 1% of the property value for this which is normally cheaper than using a estate agent. After the 8 weeks, if we are unable to find a buyer, you can sell your home through an estate agent in the normal way, paying the Estate Agents fees. The buyer must meet the Homebuy Agent's requirements and get the approval of White Horse Housing. Like stair-casing, the price you sell your home for will be based on the market value at the time. Like any home, the value can rise and fall along with the housing market. You must feel comfortable with the risks of these ups and downs before you decide that Shared Ownership is for you. However, the advantages of Shared Ownership are that:

- you only buy as much as you can afford to start with; and
- you decide if and when you buy more.

White Horse Housing's Shared Ownership Allocations and Affordability Policy

White Horse Housing aims to sell to first time buyers able to afford the cost of Shared Ownership but unable to buy a suitable home in any other way. The Association will offer its properties to people who live in the immediate area, or with a local connection, (as set out below) in accordance with the terms of any Section 106 (or similar) Agreement or other agreement relevant to that development.

Local Connection

Prospective tenants will need to be able to satisfy White Horse Housing that at least one of the following criteria has been met before any offer of accommodation can be made:

- The applicant, or at least one of the applicants where there is a joint application, currently lives in the village where the vacancy has occurred
- The applicant, or at least one of the applicants where there is a joint application, has previously lived in the village where the vacancy has occurred.
- The applicant, or at least one of the applicants where there is a joint application, has close family members, such as parents, siblings or children currently living in the village where the vacancy has occurred.
- The applicant, or at least one of applicants where there is a joint application, works in the village where the vacancy has occurred.

Note: If the property cannot be let to an applicant meeting the above criteria consideration can be given to allocating the vacancy to someone meeting the above criteria for an adjacent parish in Wiltshire or, if that is unsuccessful in neighbouring parishes in an outward direction. The Association reserves the right to allocate the home to anyone meeting the criteria in this policy where no applicant with a local connection can be found.

Prioritising Applicants

Applicants that meet the local connection criteria above will be prioritised in the following order.

- council and housing association tenants who, by buying, would vacate a rented home and who live in the local authority area or sub region in which the scheme is located or have a local connection to the area
- tenants of short term housing managed by a council or housing association
- people living in tied accommodation from which they have to move
- people having to move to an area because of employment reasons
- people with a demonstrated housing need (overcrowding, poor housing conditions, split families, medical reasons, harassment etc).
- people renting in the private sector or living with family or friends
- council, housing association or cooperative tenants who, by buying, would vacate a rented home, but who live outside the local authority area.

In deciding how homes will be offered, we will also take the following factors into account:-

- the applicant's preference
- household size. (Applicants may be offered a home with upto one bedroom over and above their current needs housing need).
- affordability
- size of the local authority or housing association property that will be vacated
- number of children or dependant relatives
- household incomes

Note: Evidence of a residence order may be required if any dependents don't live with the applicant permanently.

Previous Home Ownership

Applications may also be considered from people who have previously owned their own home if they would otherwise qualify and if they:

- owned a home with a partner and that relationship broke down
- need to move into an area because of their job and are unable to afford to buy outright
- are shared owners whose income has fallen and they could only stay as home owners by moving to a smaller, cheaper home
- are currently living in unsatisfactory rented accommodation or able to demonstrate housing need
- are a priority under a scheme such as keyworkers
- an applicants legal advisor must also confirm at exchange of contracts that on completion of the purchase of our Shared Ownership property applicants are not an owner of another property. If they currently own a property they must make arrangements to sell the property or in the case of a relationship breakdown that their name is removed from the property's title.

Household income requirements will differ from scheme to scheme in line with prevailing house prices, the equity shares we have for sale and in certain instances, the local authority's policy. We will only offer a home to people with a maximum household income of £80,000 per annum. (reviewed annually). Purchasers need to be at least 18 years old.





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