



New Build HomeBuy

Part buy, part rent a home of your own
with Family Mosaic



Part Buy, Part Rent

New Build Homebuy (also known as Shared Ownership) gives you the opportunity to part-buy, part-rent a home of your own. You buy a share in the property, normally by getting a mortgage and paying a deposit, and pay a subsidised rent on the share you do not own. You can usually start by buying between 25% and 75% of the full value.

If you buy a shared ownership property you will usually have a 125 year lease which means you can live in your new home with similar rights and responsibilities to that of an outright home owner.

Who Can Buy?

To find out if you qualify you must first register your details with a HomeBuy Agent. The Homebuy Agent keeps the central register of anyone looking for affordable home ownership within a region. To register you must complete an application form on line or by post. You should register with the Agent representing the area that you currently live in unless you are a key worker, in which case you may also register in the area that you work if you wish.

For properties in London please contact Housing Options on 0845 230 8099 or register online at:
www.housingoptions.co.uk

For properties in Essex please contact HomeBuy Options on 0845 359 6161 or register online at:
www.homebuyoptions.co.uk

The main qualifying criteria are:

- You must have a total household income of under £60,000 per annum
- You must either be a first time buyer or
 - Be a newly forming household, for example starting again after a relationship break up
 - Be relocating for work purposes to an area where property prices do not allow you to buy a home suitable for your family size
- You must not currently own a home anywhere in the world unless a court order forces you to remain on the deeds of a property where your children reside
- You must be unable to afford to buy a property suitable for your family size on the open market
- A shared ownership home must be your principle or only home and you may not sublet all or part of it
- You must be financially able to buy the minimum share available and pass a financial assessment

We will not offer you a property without confirmation that you have been registered and approved by the HomeBuy Agent.

How We Prioritise

Family size

- We will prioritise according to family size for larger properties
- You may have one more bedroom than your current needs if demand allows
- We will not sell you a home we believe is too small for your family

Location

- We will give priority to you if you live or work in the same borough as the property
- We will give second priority if you live in the sub-region, usually neighbouring boroughs
- After local people have been given first option to buy we may consider your application if you live outside the area
- Homebuy Agent-approved key workers may apply free from borough restrictions, provided the property is within a reasonable travel to work distance

Current housing situation

- We will give you additional priority if you will be releasing a social housing property or if your local authority considers you to be in priority housing need.
- Income and Savings – we will only offer properties to those who we are satisfied will be able to keep up repayments

Financial Interview and Identity Checks

You must be able to afford the share on offer (usually with a mortgage and savings), and be able to afford all the monthly payments. You will be required to attend a financial interview which is carried out by an Independent Financial Advisor experienced in low cost home ownership.

You have to bring proof of your identity to the interview – we will give you details of what is required when we make your appointment.

The Cost of Buying

When you buy a property, shared ownership or otherwise, there are a number of associated costs with the purchase. As a rough guide, you will need in the region of between £8,000 and £10,000 in savings to cover these. The following is a list of the initial costs you can expect to incur:

Reservation fee – If you wish to purchase a Family Mosaic property, you will need to put down a holding fee of £200. If you proceed this goes towards the

purchase price. If you are not offered a property your cheque will be destroyed or returned to you. If you withdraw from the purchase at any stage your reservation fee will not be refunded as it will go towards our abortive administration costs.

Mortgage Valuation – This will usually cost between £300 - £400, with the exact price being dependent on the lender involved and the price of the property being purchased. You will pay this when you fill in your mortgage application form.

Deposit – Currently, most lenders will lend between 85% and 90% of the purchase price. You will need to pay Family Mosaic 5% of the purchase price at exchange of contracts. Your reservation fee goes towards this. The rest of the deposit and the mortgage money must be paid on completion and your solicitor will make sure this happens.

Legal Fees – You will need a solicitor to deal with the legal work. We will provide you with information about solicitors experienced in shared ownership, and their fees. The cost will be in the region of £450 + VAT. You will need to pay these fees before exchange of contracts.

Searches/Land Registry – Your solicitor will organise these for you. They are likely to cost in the region of £100-£200 each. You will have to pay for them up front and they are in addition to your basic legal fees. The search fee enables the solicitor to check any plans registered with the local council planners which may affect your property. The Land Registry is a government register that shows proof of ownership (this shows we have the right to sell the property to you).

Stamp Duty – This is a government tax payable on the purchase price of the property. The tax is payable at 1% of the purchase price on properties over £175,000, 3% over £250,000 and 4% over £500,000.

You may pay stamp duty on the full value or on the share you are buying. If you choose to pay stamp duty on the share, you will have to pay again if you buy more shares. Your solicitor will advise you further.

Monthly Payments

The following is a list of the monthly costs you can expect to pay when you become a shared owner. The list is not exhaustive and is intended to be a guide to help you budget. You must satisfy yourself that you can afford to live in the home you buy.

Mortgage

Your mortgage repayments will depend on the size of your mortgage and interest rates. A typical monthly cost of a repayment mortgage of £50,000 is £307.43. This example is based on a 90% repayment loan over 25 years, at an initial interest rate of 6.5%. Interest rates vary daily and are subject to constant change. You must have advice from a qualified adviser and this will be provided at your financial interview.

Rent

The rent you pay is subsidised and is due on the first day of each month in advance. The rent is reviewed annually and will increase by RPI (the retail price index) plus 0.5%. (This may vary on older resale property leases)

Service Charge – This includes our management fee, buildings insurance and the cost of maintaining, cleaning, gardening and decorating of any common parts. The actual cost will vary for each property. You will be given an estimated monthly payment and details of the services we intend to provide. Service charges are renewed annually and each year is calculated based on the cost of the services provided.

Buildings and Contents Insurance – We are responsible for buildings insurance while you are a leaseholder and this is included in the service charge. You are responsible for insuring the contents of your home.

Household Bills – The cost of all household bills, including council tax is yours and you are responsible for the upkeep of your home.

Life Insurance / Payment Protection – You should speak to your mortgage advisor for impartial advice about insurance.

Reserving Properties and Allocations

When you decide that the home you have seen is definitely for you, we will ask you for a deposit cheque (usually £200). This cheque will only be cashed if you pass the financial interview and are allocated a property. The deposit goes towards the price of your share and is not refundable if you withdraw from the purchase.

Allocations are made according to strict policies and procedures and we are regulated and audited by the government's Homes and Communities Agency.

The Buying Process

When you are offered a property, you will need to confirm to us that you want to go ahead and at the same time instruct your solicitor and make your mortgage application. You must return your Memorandum of Sale confirming that you are going ahead within three working days or we may offer the property to someone else.

Your mortgage survey should be booked within two weeks and you should receive a mortgage offer shortly afterwards. Once this is done you can 'exchange contracts', which means you are legally bound to buy the home and we are legally bound to sell it. At this point we will agree a completion date on which you can move into your new home. You are expected to exchange contracts within four weeks of receiving your offer letter from Family Mosaic.

Moving In

On the day of completion a member of Family Mosaic staff will meet you at your new home to give you the keys and answer any questions you have about the heating, hot water etc.

We strongly advise you to move in at least one day after completion, as there are sometimes banking delays that mean your sale doesn't complete until late in the day. We cannot allow you to have the keys to your new home before completion is legally confirmed.

Being a Shared Owner

The shared ownership Lease entitles you to all the normal rights and responsibilities of a full owner-occupier and is usually for 125 years.

You must ask your solicitor to fully explain the terms of the lease to you before you sign it. Some of the areas covered in the lease are:

- What repairs and other outgoings you and the Association are responsible for
- How the rent and service charge will be calculated and when you must pay them
- How you can buy more shares in the property
- How you can sell the property

Who do I deal with if I have any queries?

You will have a dedicated New Homes Manager who will help you with any questions you have during your first year in your new home. After the first year you will be introduced to the Housing Officer for your area, who will take over management of your home.

How do I pay the rent and what if I fall behind?

The rent is due in advance on the 1st of each month and must be paid by Direct Debit or Standing Order to Family Mosaic through your bank or building society. You will be given a named contact to answer any queries about your rent and service charge account.

Under the terms of the lease, you are legally obliged to pay the rent and service charge. If you fall behind in these payments due to temporary financial difficulties it is important that you call us straight away. We are here to help and may be able to advise on benefit entitlement or come to an arrangement for repayment of the rent arrears.

If you do not make the payments your home you could be subject to legal proceedings and there is a risk that your home could be taken away from you and the Lease forfeited. You would be entitled to the balance of any sale proceedings after your Lender and Family Mosaic have been paid their debts.

What if I fall behind on my mortgage repayments?

The mortgage contract is between you and your lender. If you fall behind on your repayments due to temporary financial difficulties you must let them know immediately.

If your financial difficulties cannot be overcome then, as in any owner-occupier situation, your lender may repossess your home and re-sell it to recover their losses. You will be entitled to any of the proceeds of the sale, as appropriate to your share of the property after your debts have been paid. N.B. Repossession is a last resort for building societies and banks and they will normally make every effort to help you maintain ownership of your home.

Who carries out repairs?

You are responsible for all repairs to your home, from a dripping tap to repairing your central heating boiler. However, if you moved into a brand new home, you are initially covered by a 'defects period'. This is usually for 12 months after the property has been built (not from the date you move in). It is important for you to note that the expiry period for Defects is fixed and if this passes before you move in to your new home, you will be buying the property 'as seen'. During the Defects Period, the builder is responsible for rectifying most defects to the property. New properties are also normally covered by a 10 year NHBC guarantee, which provides insurance against structural defects. If you live in a block of apartments, Family Mosaic will be responsible for repairs to any common parts and you will be recharged through the service charge.

Can I make improvements and alterations to my home?

Yes. In the case of most improvements involving normal decorating you can go straight ahead. However, if you wish to make structural alterations or improvements, you must first contact your Housing Officer in writing and set out your proposals. We will seek advice from our surveyor and, providing the works are deemed to be safe, we will give you written approval. Any value that the improvements add to your property will be added to the value of your share, not shared jointly with ours.

How is the service charge calculated?

A service charge budget is prepared at the outset of each shared ownership scheme and will show the anticipated costs for a twelve-month period. Following the end of each financial year (31 March) accounts are prepared and a budget for the next year's service charge is calculated based on what was spent in providing the services in the previous year. The proportion of the costs that you are responsible for is shown in the budget and set out in the lease.

How do I buy further shares in my home?

Buying more shares is known as 'staircasing'. You may buy more shares at any time as long as your rent and service charge account is clear. You may buy in multiples of 5%, usually at least 25% each time and it is normally possible to

eventually own outright. Your rent will reduce in proportion to the amount of the further share you buy.

If you decide that you want to buy further shares, you need to firstly contact the Sales and Marketing Department at Family Mosaic. The property has to be valued by an independent RICS-certified valuer. Family Mosaic can arrange this valuation for you and you will be advised of the cost of the further shares based upon the current value of the property. Please note that you will be responsible for covering the cost of the valuer. Once you have decided to buy further shares in the property, you will be given 3 months from the date of the valuation to carry out the transaction before an updated valuation is required.

If you staircase to 100% ownership, if it is a house, you will own the freehold. You will be responsible for buildings insurance and will no longer pay a rent or, in most cases, service charge to Family Mosaic. If it is an apartment, the property reverts to a standard lease, but a service charge will still be payable and Family Mosaic retains the responsibilities of freeholder.

What do I do if I want to sell?

You may sell at any time, but you need to notify Family Mosaic of your intentions. As with staircasing, an independent valuation of the property must be obtained and you will be advised of the value of the share in the property. The payment of the valuer's fee will be your responsibility.

Unless you own the property outright, a clause in the Lease gives Family Mosaic a period of time (usually 2 months) to nominate prospective purchasers. This is to ensure that people with priority are given first chance to buy. You are also responsible for paying Family Mosaic's legal fees for the assignment of the lease, You will need to instruct a solicitor to act for you in the sale.

Family Mosaic Sales

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