

We can help with Social Homebuy



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What is Social HomeBuy?

Social HomeBuy is a government scheme which allows some tenants to buy their current home.

This is a voluntary scheme – you do not have the Right to Buy your home using this scheme. We have limited funds available for this scheme and will offer the funding on a first-come, first-served basis to qualifying tenants for as long as we have discount money available.

If you can't afford to buy outright, you will be able to part buy shares from 25% and you will pay a discounted market rent on the remaining share calculated on the value of your home. You will be responsible for the upkeep of your home when you buy, even if you only buy a share. If you buy a flat, this will mean you will become responsible for a monthly service charge and the annual ground rent.





Am I Eligible?

You can only apply for Social HomeBuy if you are an assured or secure tenant. If you became a tenant after 18th January 2005 you must have been a tenant for at least five years.

Your application will be rejected automatically if any of the following apply:

- If you have breached your tenancy agreement in the last two years
- If you are subject to a possession order (as a result of rent arrears or anti-social behaviour)
- If your rent account is not clear or if you have been in rent arrears during the last six months
- If you own another property and / or have a mortgage on another property

You must live in a home that is suitable for sale. We cannot offer you Social HomeBuy if you live in shared accommodation or homes specifically for the elderly for example.

When you apply we will check whether your home is suitable as part of the eligibility assessment.

Note: You will need to provide evidence of your identity, income and proof of savings at a later date.

More details are provided on the Eligibility Checklist with your Application Form.

Social HomeBuy is not a statutory scheme and is offered only to eligible applicants when funding is available.

Please note that the scheme can be withdrawn at any time without notice.

What Discount Will You Get?

This depends on where you live. The maximum discount available in Family Mosaic's operating area ranges from £11,000 up to £16,000. If you buy a share in your property, the discount will be calculated at the same percentage as the share you are buying.

For example:

If the full discount is £16,000, you can expect to receive the following discounts if you buy a share:

- 25% £4,000
- 50% £8,000
- 75% £12,000

What Share Can You Buy?

You must buy at least 25% but we will expect you to buy the biggest share you can afford. You will have to attend a financial interview with an Independent Financial Adviser selected by Family Mosaic. The IFA will assess the maximum share you can purchase, although you may decide to buy a lower share if you wish.



Rent and Service Charge

If you are buying less than 100% you will pay 2.75% rent on the share you do not own. This rent is subject to an annual increase of 0.5% + the previous November RPI (Retail Price Index). You will also be responsible for paying the full service charge if you are buying a flat regardless of the size of the share you are buying. There may be common estate charges payable on some houses and you will have to pay a small administration and buildings insurance charge if you buy less than 100%. If you are buying a 100% of the value of a flat you will pay an annual ground rent

What is the Buying Process?

If you decide to buy your property you must be aware you are buying the property in the condition that it is currently in. We would not recommend this if you have any structural, damp or roof issues with your property. If you have, these you need to be resolved with our Asset Management team and your Housing Officer before proceeding otherwise you could incur expenses and may not be able to secure mortgage funding.

Please note applications must complete within 6 months of your application being received. If this doesn't occur you will not be able to reapply for 6 months and will be subject to funds being available.

Initial Stage

1. You complete and return the Social HomeBuy application form to Family Mosaic Note: You

may jointly buy with a maximum of three members of your family who live permanently with you. You will need to provide proof that your family members have lived with you for at least 6 months before the date of your application. Other members of your family who live elsewhere or have recently moved in with you cannot join in the purchase. Joint tenants who will not be joining in the application must sign a declaration that they understand that they will not be eligible for public sector housing in the future as they will have made themselves intentionally homeless

2. We will verify the information on your form with your Housing Officer and any previous landlords if applicable.
3. We will check with our Asset Management team to be sure that your property is suitable for sale in principle
4. We will then either: Write refusing your application and give reasons why

Or

Write stating that you may take your application to the next stage. We will provide you with a estimated valuation and approximate costs of buying to give you a rough idea of how much you can expect to pay and how much discount you will get.

5. We will write to you within 28 days of the date we receive your application (or 56 days if we have to wait for another landlord to reply) to confirm whether you are eligible.

“I thought buying my home was impossible but you helped make it possible - thank you.”

Ms F - Hackney

Financial Stage

1. You have a deadline of two weeks from receiving the desktop valuation to contact the nominated financial adviser and have a financial interview.
2. After the financial interview, if you have been approved to go ahead you have one week to request a formal valuation.
3. You must send in the formal valuation request together with a cheque for the valuation. If you go ahead with the purchase, the valuation fee will be refunded to you at completion.
Note: You will only be able to obtain a mortgage from an approved lender. The panel financial adviser will only use approved sources. If you get a mortgage from anywhere else, you must check with us first that the lender you are using is a qualifying lender.

Valuation Stage

1. The valuer will inspect your home and produce a report to Family Mosaic giving a fair market price. The price the valuer sets will form part of the offer which we will send to you.
Note: We only use independent RICS qualified valuers.
2. We will calculate the service charge and rent you can expect to pay if you buy your home.
3. We will write with a formal offer letter setting out this information.

Note: You must reply to the offer letter within 10 working days giving details of your solicitor and where you are getting a mortgage or to confirm that you do not wish to go ahead.

Note: If you have booked repairs on your home they will be honoured, but once you apply to us for a valuation no new repairs or major works will be carried out.

If you don't proceed our repairing obligations will start again when your valuation expires. Family Mosaic will remain responsible for structural repairs to flats where we are the freeholder.

Completing the Purchase

1. On instruction of your receipt to proceed we will instruct our solicitors to prepare the legal paperwork for your solicitor.
2. We will instruct a surveyor to visit your home to undertake conveyance plans of your property.
3. You must complete the purchase of your home within the original 6 month period from you applying for this scheme.
4. Note: Parking spaces will not be included in the sale, even if there are spaces available on your estate. Although if you currently have a space allocated you may be able to continue to rent the space from us.
5. If you do not complete your purchase in time, you will have to pay for an update to your valuation. If the valuation is higher, you will receive a revised offer at the higher price.



Costs

In addition to your mortgage and savings to buy your home, you will need to have enough money to cover the costs of buying.

Below is an estimation of some of the costs involved.

Solicitors Fees + disbursements	£650 + vat
Land Registry search fee	£4
Land Registry registration fee	£200 max
Local Authority search fee	£150
Bankruptcy search	£1
Notice of Mortgage & Transfer	£60
Bank Charges	£25 x 2
Stamp Duty usually 1% of purchase price unless you are buying a share	
Mortgage Application fee depending on the product	£299-399
Mortgage Lenders Valuation fee (fees vary)	£300

These figures are all approximate and are not exhaustive. They are for guidance only and you should satisfy yourself that you have sufficient funds for your own purchase.

Being a Home Owner

If you have bought the property freehold with no service charge or covenants, you will have no further relationship with Family Mosaic once the five year pay back period has ended.

If you have bought the freehold with estate charges, a leasehold property or through shared ownership, you will need to make regular payments to Family Mosaic for estate charges and/or any monthly rent due.

You can make home improvements – but leaseholders must get our written permission first. We don't withhold permission unreasonably but you must not do anything to damage or reduce the value of your home. Please refer to the Residents' Handbook for further information. You don't need permission to replace a kitchen or bathroom or for minor things such as decorating, putting up shelves or simple repairs.

Repairs and Maintenance

When you have bought your home, (regardless of whether you have only bought a share in your property) you will have a full repairing and insuring obligation. This means you are totally responsible for the upkeep and maintenance of your home. You will have to arrange your own repairs so you will not have access to Family Mosaic's repairs team.

If you live in a flat, the common areas will be maintained by Family Mosaic but you will be charged for a share of the costs. We will send you details of any future costs that we can anticipate.

Your home is at risk if you don't keep up your mortgage repayments, service charge, or rent payments.

“Your guidance and support throughout the purchase has been invaluable.”

Mr D - Islington

Buying More Shares

After your initial purchase you can buy further shares in your home. This is called ‘staircasing’.

You can staircase instalments of at least 10%. If you wish to buy more shares you will have to pay for a new RICS valuation to calculate the share, and pay for the shares within three months of the valuation date.

Selling Your Home

You can sell your home at any time but you must offer Family Mosaic first choice to buy your home back within the first 21 years.

If you are a shared owner, we have the right to nominate a buyer to you within the first 8 weeks and if we are successful in finding you a buyer for your share, you will pay a marketing fee of 1.5% share you own in the property plus VAT.

If you are not a shared owner, we will either waive our right to buy your property from you or we will jointly order an independent RICS valuation with you. If we decide to buy, we will pay the price given by the Valuer.

If you decide to sell within 5 years then you will have to repay some, or all, of the discount.

The amount due to be repaid is calculated as a percentage of the resale value of your home.

This is the equivalent to the percentage of the discount when compared to the purchase price and reduced by a fifth each year.

For example, if you paid £160,000 for your home less a discount of £16,000, then the discount is equivalent to 10% of the purchase price.

If you sold your home during year 1 and the property value had risen to £180,000 at the time of sale, the repayment would be $£180,000 \times 10\% = £18,000$.

This also applies if the property reduced in value so you would repay a lower amount than the original discount.

Percentage of Discount to Repay on Resale:

- 1 year 100% of amount calculated as above
- 2 years 80% of amount calculated as above
- 3 years 60% of amount calculated as above
- 4 years 40% of amount calculated as above
- 5 years 20% of amount calculated as above

There is no discount repayment required after year 5.

**For further information
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