

hobstones
affordable dream homes



PRIORY CHASE
HOME BUYERS INFORMATION

**SHARED
OWNERSHIP**



PRIORY CHASE
NELSON

FACT SHEET: SHARED OWNERSHIP AT PRIORY CHASE

1. HOW IT WORKS

If you would like to buy a home but are currently unable to afford the full price, Shared Ownership may be able to help. With the Shared Ownership Scheme, you purchase a share of the property (between 50% and 75% of the full value) and pay rent on the remaining share. Calico Homes will then own the remaining share and you pay rent on that share. The rent is 2.75% of the remaining equity.

When you purchase the property, you will become the Owner and Calico Homes will grant you a lease, which sets out your rights and responsibilities, and those of Calico Homes as Landlord.

2. YOUR RIGHTS AND RESPONSIBILITIES

As the Lease Owner, you will have rights and responsibilities. This means you will be responsible for repairs for your home and for making sure the property is maintained (e.g. the cost of a yearly gas safety check).

3. 'STAIRCASING' (BUYING MORE OF YOUR HOME)

Once you buy your first share, you can get more shares until you own the whole property outright. This is called 'Staircasing'. Your rent will be reduced as you increase your equity.

You can purchase more shares at any time once you become the owner. To do this, you will need to write to Calico Homes (e.g. you may own 50% and would like to purchase another 25%). The price of this new share will depend on how much the property is worth when you are looking to buy the share. If prices in the area have increased, you will pay more than you did for your first share. If your home has dropped in value, your new share will be cheaper. Calico Homes will get the property valued and let you know the cost of the new share. You'll have to pay the valuer's fee. Usually, you'll have three months to arrange a mortgage and complete buying the new share. Your lease document will have full details on how to buy new shares.

4. WHEN YOU BUY THROUGH SHARED OWNERSHIP, WHAT ARE YOU BUYING?

Shared Ownership is a part buy/part rent scheme. It works as a stepping stone to completely owning your own home, giving you the opportunity to buy further shares in the future when you are able to.

Buying through a Shared Ownership Scheme makes you an owner occupier, instead of a part tenant. You start by buying a share in the property on a long term lease. The lease is a legal document which proves that you own part of the property.

By owning a lease, you are a "Leaseholder" and Calico Homes is the "Landlord". You will have the exact same rights and responsibilities as a full owner occupier.

If you choose to buy the remaining share of the property, you will own your home outright. Your solicitor will arrange for the freehold to be transferred to you like any other home owner.

5. BUILDING INSURANCE

Calico Homes is required to insure the property on your behalf. You will then pay a premium to Calico Homes.

6. CONTENTS INSURANCE

You are responsible for arranging your contents insurance.

7. ELIGIBILITY

You are eligible for the Shared Ownership Scheme if:

- You are a first-time buyer or non-homeowner (although you may have owned a property in the past) who cannot currently afford to buy a house outright
- Your household earns £80,000 a year or less.

8. RESERVATION FEE FOR NEW BUILD DEVELOPMENTS

If you are successful, you will receive a reservation form, which you need to complete and return alongside a £250 reservation fee, made payable to Calico Homes.

9. WHAT ARE THE COSTS INVOLVED IN BUYING A NEW HOME?

There are costs associated with buying a lease holder home, just like there are if you buy on the open property market.

As a lease holder, your home may be at risk if you fail to keep up mortgage and rent payments.

10. WHO HAS TO PAY THE COUNCIL TAX?

Whether you buy through the Shared Ownership Scheme, or through renting, you will be liable for any Council Tax charges.

11. SELLING YOUR SHARED OWNERSHIP HOME

You must tell Calico Homes if you wish to sell before you look for a purchaser. This is because Calico Homes will maintain a waiting list for people wanting to buy Shared Ownership properties. You will also need to obtain an open market valuation of your property so that Calico Homes can agree the maximum sale price for your share. Calico Homes can usually obtain this on your behalf; you will be responsible for the cost of the valuation.

12. IS SHARED OWNERSHIP FOR YOU?

To apply for Shared Ownership, you need to meet the eligibility requirements. Applicants will usually need to be in employment and have a household income of less than £80,000 per year.

13. WHAT COSTS SHOULD YOU EXPECT?

- **Deposit:** Typically, you'll need to raise a deposit of at least 10% of the share of property you are buying. The amount of deposit required will depend on your lender. You'll also need to secure a mortgage for the remainder of that share from a bank or building society.
- **Rent:** You'll then have to pay rent to Calico Homes on whatever the share of the home you don't own.
- **Fees:** All normal house-buying costs will still apply, such as mortgage and legal fees, surveys and Stamp Duty.
- **Annual charges:** As Shared Ownership properties are leasehold, there will be annual service charges to pay to maintain common areas and grounds.

14. FINANCIAL EXAMPLE

Typical Financial example:

Property value - £100,000

50% purchase price - £50,000

Mortgage and deposit requirement - £50,000

The deposit required and the monthly payment amount depends on your lender. Monthly rent payable on the remaining 50% at 2.75% - £114.58

(Service charges may also apply.)



SALES ENQUIRIES:

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