

SHARED OWNERSHIP – WALES

Buyer Interview Checklist

Supplementary information for all potential buyers

All affiliated Housing Associations must ensure that Shared Ownership – Wales buyers are appropriately informed of all eligibility criteria and scheme parameters as part of the assessment process.

Housing Associations are invited to use this checklist as a good practice guide with each potential buyer following their successful completion of the relevant Affordability Calculator, and once secured credit reference checks have been obtained.

Purchase of Plot

Shared Ownership – Wales is a way of buying your home with the help of a Housing Association. It is designed to help those who are otherwise unable to afford to purchase a home on full ownership.

You are able to purchase a share in a home and pay a rent to the participating Housing Association for the share that you do not own.

With house prices so high, Shared Ownership – Wales has become an alternative way to help you get onto the property ladder.

How does the scheme work?

You buy a percentage of your home by obtaining a mortgage to cover the share on offer in this case the share you are purchasing will be []%. You pay a monthly payment to the bank or building society on the share that you are buying and pay a rent to us for the share that you do not own. The rental payment for our share, at the moment stands at £[] per month. This is reflected as 2.75% of the value of the share that we own.

The rent will be reviewed periodically in accordance with the lease agreement. Maximum annual rent increase will be no more than 12 months average CPI plus 1%.

Rents

The monthly payment of £[] per month is made up of three things;

- 1) Monthly rent; and
- 2) Building insurance – United Welsh has a block policy. You will not need to take out additional insurances to cover the building, but you will need to take out cover for contents
- 3) Monthly Service Charge payment

The rent is to be paid one month in advance by Direct Debit. Upon assignment you will have to pay us one month's rent in advance and the apportionment of rent for the remainder of the month during which the assignment takes place. If at any time you are struggling to pay the monthly rent it is important that you contact us straight away.

Service Charges

Service charges may be applicable in respect of the property you are purchasing.

A service charge is a means by which a landlord can recover the cost of maintaining and repairing a building or a common area including for example a road or footpath serving the property which is not the responsibility of the local authority and providing certain services for communal or common areas.

The initial service charge you will be responsible for at the £[] per month. This may change based on the cost of providing the services.

Ground Rents

Ground rents may be applicable in respect of the property you are purchasing.

As you will not own the freehold to the property you will be required to pay a Ground Rent. This will normally be a nominal amount.

What rights will you have?

Living in a Shared Ownership – Wales home you will be classed as an owner occupier, and like owner occupiers you will be responsible for repairing and maintaining the property to a good standard.

Lease

Upon completion, you will be granted a lease. This is a legal agreement between you and us setting out your rights and responsibilities relating to your occupation. Some of these include:

- All repairs and maintenance
- Not running a business from your home

We highly recommend that you obtain both independent financial advice and legal advice on the Shared Ownership – Wales product. It is very important you ensure your solicitor fully explains the terms of the Lease agreement to you.

Savings and Debt

In addition to any contribution towards the share of your home you may buy, customers are advised of the likely need for at least an average of £2,500 of savings to cover costs of buying (this will vary depending on the share and value of your home).

Buyers should also consider the impact of any new and additional debt on their financial status. This will include any credit card balance, hire purchase and loan agreements for new furniture, fixtures and fittings etc. This scenario will be particularly apt should an initial Mortgage Agreement in Principle expire in this should occur the buyers will be invited to complete a new affordability calculator.

This scenario could have an impact on the amount your mortgage lender will be willing to loan. United Welsh reserve the right to reassess your application should there be a significant change to your circumstances and/or borrowing.

Buying further shares in the property – “Staircasing”

This is the correct term for buying additional shares in your property. To staircase, we have to obtain a valuation to determine how much money you are required to pay for the share that United Welsh own, for this, we ask that you make a bank transfer to cover the valuation fee, which, as at today’s date is £216 inclusive of vat.

When the valuation report is received, we will send you a copy, along with some forms to fill in, for you to return accepting the payment figure. If you disagree with the figure you can appeal. Process for appealing the valuation is laid out in your lease agreement. You will be required to pay the costs of any additional valuations.

You may purchase additional shares in the property at any time. If you decide to buy a further share, then the rent that you pay to United Welsh will decrease. The number of opportunities to staircase a percentage of your home is not restricted but you will need to purchase a minimum share of at least 10% at each staircasing.

Selling your Shared Ownership – Wales Home

You can sell your property by purchasing the remaining share and selling 100% of the property to a third person simultaneously. This is called staircasing (see above) and selling. In this instance you may sell your property through an Estate Agent. After completion, United Welsh will have no interest in the property and you will no longer have to pay a monthly rent.

You may also assign the lease of your property. If you choose this option, you must inform United Welsh straight away giving a realistic asking price for your share in the property. If we do not find a purchaser within 8 weeks you will be able to sell the property yourself. If you use an estate agent, please remember that you will be responsible for the estate agents' fees.

Further advances

In the future you may wish to borrow more money on top of your existing mortgage to carry out repairs or improvements to the property. Your building society will need to obtain our permission before you will be allowed to do this. If you do not gain our prior approval, you would be in breach of your lease.

In order for us to consent to the further advance we require the property to be re-valued and you will be responsible for paying the valuer's fees. If the total amount you are borrowing exceeds the share that you own in the property, we can not consent to the full amount.

Partnership separation

In the event of any partnership separation, you would both need to be in agreement as to whether the property is to be sold, or whether one or the other partner wishes to take over the mortgage. In this instance then the remaining partner's income would have to be reassessed to ensure they can keep up the mortgage and rent payments. You will also need to instruct a conveyancing solicitor who will arrange for you to sign a deed of transfer, a copy of which should be sent to us.

Additional costs

When buying, selling or purchasing more of the property, you may incur costs with the building society; you will also have to instruct a conveyancing solicitor to act on your behalf, who will also charge a fee for their service.

In addition, United Welsh may also charge you an administrative fee to cover our costs in relation to other matters/issues that may arise during the time that you are a shared owner. (Please refer to separate advisory sheet).

What do I do next?

Once you have attended your interview, and received a letter from us provisionally accepting you onto the scheme you will need to:

- 1) Arrange your mortgage for the required amount (no more than the amount that you have offered for the share). You must inform your building society that the property is being purchased on the Shared Ownership – Wales Scheme, and ask them to include this in the mortgage offer:
- 2) Instruct a solicitor to act on your behalf; and,

- 3) Send a copy of your mortgage offer and mortgage valuation to United Welsh as soon as it has been received.

Who to contact

Should you have any queries at any time please contact [?? Specialist Projects Officer, tel: ?? , Email: ??]

Disclaimer

I have read and understood the above information and I wish to continue with my Shared Ownership – Wales application.

I understand it is my responsibility to notify United Welsh of any changes to my circumstances after the application details have been checked.

SIGNED ON BEHALF OF UNITED WELSH

..... **DATE**

APPLICANT SIGNATURE

..... (1st applicant)

..... (2nd applicant where applicable)