



LEASEHOLDER'S GUIDE

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***'NEW BUILD HOMEBUY'
&
SHARED OWNERSHIP
HOUSES***

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1. WELCOME

Welcome to Riverside Home Ownership and thank you for purchasing a property with us. We hope that no matter how long you remain a resident with us that you have an enjoyable and happy time in your new home.

This guide explains more about owning a leasehold property and what it means for you as a resident. If you have any queries or need clarification, please telephone us on **0845 155 9029 or 0345 155 9029** (which, depending on your phone package, could be cheaper to use).

We are committed to giving you clear and full information about owning a leasehold property. Please do not treat this document as a substitute for the lease, by which you will be legally bound.

2. ABOUT RIVERSIDE HOME OWNERSHIP & RIVERSIDE

Riverside Home Ownership is a trading name of The Riverside Group Ltd, a charitable Industrial and Provident Society.

Riverside Home Ownership develops and sells properties for New Build HomeBuy for all age groups. In addition it provides management services to over 3200 leasehold properties including houses, bungalows and apartments.

In 1928 Liverpool Improved Houses, the forerunner of Riverside, was established. Its aim was to help people with housing needs. Over the last eight decades we have evolved and grown, developing new products and services in response to the needs of our customers.

In creating Riverside we have developed a structure that enables us to respond to the challenges and opportunities of a rapidly changing housing and regeneration market in the 21st century. Yet this structure also preserves the flexibility and local accountability we need to deliver quality homes and help build thriving communities.

3. WHAT IS LEASEHOLD?

When you purchase a property that is leasehold you are buying the right to live in the property for a set number of years – for example, for 99 years or 125 years.

The lease is the contract between you (known as the 'lessee' or leaseholder) and us the landlord (known as the 'lessor'). The lease will state the number of years that you will have the right to live in your property.

The lease identifies your responsibilities as a resident and those of the landlord. It is important that you understand the terms of your lease as it is the document that shapes and governs your relationship with Riverside.

The purchase price you pay or 'premium' can be viewed as a lump sum payment of rent. When buying a leasehold property you are not paying to own any part of the building or land within its boundaries. The premium pays for your lease.

4. WHAT IS NEW BUILD HOMEBUY (NBHB)?

NBHB (formerly called shared ownership) as first introduced in the early 1980s as part of the then government's aim of enabling more people to become homeowners. The main client group for New Build HomeBuy is first-time buyers who are not in a financial position to purchase a home outright. It enables people on moderate incomes to buy a share in a home in a location and style that they like.

When buying on a NBHB basis, an individual may purchase 25%, 50% or 75% of the property and pay rent on the balance they do not own. In addition a monthly service may be payable, depending on whether it is an apartment or a house. The NBHB owner usually finances their purchase with a mortgage from a building society or bank. The following examples show how the scheme works.

1. House valued at £150,000:
NBHB owner wishes to purchase a 50% share
Mortgage obtained for £75,000 - NBHB owner pays rent on 50% share plus a management & insurance fee.
3. Apartment valued at £110,000:
NBHB owner wishes to purchase a 75% share
Mortgage obtained for £82,500 - NBHB owner pays rent on 25% share plus a monthly service charge.

Having bought a share, you may purchase further shares after a qualifying period of time. How this can be done is explained in **Section 11**. Please note that you do not have to buy further shares if you do not wish to.

We develop and sell properties on a NBHB basis normally on small estates of houses or blocks of apartments. We will sometimes buy 'off the shelf' properties from local and national house builders.

Having sold a property on a NBHB basis, our involvement becomes more limited. If in the future a NBHB owner wishes to sell their share, they can, usually by placing their share with an estate agent who "sells" the property. Please see **Section 10** for further details.

In summary, NBHB gives you an opportunity to gain a foothold on the home ownership ladder at an affordable cost. It provides flexibility in that you can remain as a NBHB owner, purchase additional shares or offer your current share for sale in order that others can benefit from the scheme.

5. THE LEASE & YOUR LEGAL OBLIGATIONS

In purchasing a property through NBHB, you enter into a lease agreement. This lease is a witnessed legal document that entitles you the buyer (called the "lessee") to live in a property for a set number of years. The terms of the lease fix the rights and obligations of both you and us. These rights and obligations cannot be changed without the agreement of both parties i.e. you and us or by an Act of Parliament.

When you buy a NBHB property from us, you purchase a lease for a set number of years, either 99 or 125. You should remember that when buying a property on a leasehold basis you do not own the bricks and mortar or the land that they stand upon. You buy the right to live in the property for a fixed period of time. The land and buildings remain in our ownership. The solicitor who acted for you in the purchase should have explained in detail the differences between leasehold and freehold.

Briefly the lease requires you to:

- To pay the rent, management fee and insurance premium;
- To pay all outgoings on the property such as council tax, water charges, gas, electricity;
- To keep the interior and exterior of the property in good repair and decoration (**Section 7** explains this in more detail);
- Not to carry out alterations without our prior consent (**Section 9** explains this in more detail);
- To allow access for our staff to the property;

- Not to let (rent out) the property or part with the possession of it;

The lease requires us:

- To insure the building;
- To allow the occupier quiet enjoyment;
- To grant future leases in a similar form to that as at present, for example on the same terms and conditions, length of time.

If you do not keep to the legal obligations then you are considered to have 'breached the lease'. If you were to breach the lease we can take legal action against you to compel you to keep to your legal obligations.

Ultimately if you continue to breach your lease we can apply to the County Court to have your lease 'forfeited' (cancelled). This means we will take possession of your home and you will be required to leave it. You will not be entitled to any compensation.

The lease also fixes how the property should be sold. Please see **Section 10** - 'Selling your Home' for more detail.

6. RENT & OTHER PAYMENTS

Under the terms of the lease, you must pay rent on the portion of the property that is "owned" by us. The amount of rent is determined by the percentage we own so the smaller our share, the lower the rent. In addition to the rent a management and insurance fee is payable.

The rent is due on the first of each month and is payable by direct debit via your bank or building society. The lease allows us to review and increase the rent every 12 months. Rent reviews take effect from 1 April each year. You will get at least one month's notice of any increase in the rent and service charge payable.

If you are late paying your rent then we will charge you interest on the outstanding balance until such time that your account is either clear or in credit.

If we have to serve any legal notices on you for non-payment of rent then we will levy an administration fee to cover the cost of doing this.

The lease requires you to pay all outgoings for your home. Typically, in addition to your rent and service charge you will have to make regular payments such as mortgage, council tax, water charges, gas and electricity bills plus normal household spending.

If your circumstances change and you experience difficulty in meeting your rent payments or your mortgage payments, you should contact us immediately. Failure to maintain either your rent or mortgage payments could result in you losing your home.

We are sympathetic to those NBHB owners who suffer financial hardship through no fault of their own. We will try and offer help or assistance wherever possible. Depending upon your circumstances, you may be able to claim housing benefit to meet some or all of the rent and service charge payments to us. If you are experiencing difficulties in paying your rent please contact us immediately.

7. REPAIRS & MAINTENANCE

Under the terms and conditions of your lease agreement you are solely responsible for both arranging and funding all necessary repairs and maintenance on your home. Although we have an equity share in your home we are not liable for any cost of the repairs or maintenance of the property.

8. BUILDINGS INSURANCE

We are obliged to insure your home i.e. bricks & mortar as part of our obligations under the terms of the lease. This insurance does not cover your contents. You are strongly advised to arrange your own contents insurance cover for personal belongings e.g. carpets, furniture, electrical goods, etc.

The buildings insurance policy covers damage that may occur to the property due to a storm or accidental damage. It will also cover the cost of rebuilding or reinstating the building if there was a major fire or other catastrophe.

If your home becomes uninhabitable because of loss or damage, the insurance policy will pay for the cost of comparable temporary accommodation.

As with any insurance policy there is an excess payable. (This means the first part of the claim which the policyholder agrees to pay). The current excess is £100.00. This means you will have to pay the first £100 of any insurance claim you make.

If you wish to make a claim under the buildings insurance policy then please contact us immediately. If there is a delay in notifying us of any insurance claim this may reduce the amount of any money the insurers are prepared to pay in settling any claim.

9. IMPROVING YOUR HOME

As a homeowner you may at some time wish to carry out improvements to the property, be it something small like installing new ceiling lights to the lounge or on a grander scale installing fitted wardrobes, a new kitchen or bathroom or adding a conservatory.

We ask that if you wish to do any work to your home then you should contact us first to see whether you need our consent. If we feel that further information is needed before the work can begin, you will be asked to send in details.

We ask for this information to safeguard our investment in the property. Normally we will only refuse permission in exceptional circumstances.

NB: You should be aware that if you sell your home at a later date and have carried out improvements to the property, you are not guaranteed to recover the full cost of the works you have done.

10. SELLING YOUR HOME

At some time, you may decide to sell your home. There is a set procedure laid down in your lease. It is fairly straightforward but differs slightly from if you owned 100% of the property.

To sell your home, these are the steps you must take.

1. An open market valuation (OMV) must be obtained for the whole of the property from an independent valuer. The person who carries out the valuation must be professionally qualified and should be a member of Royal Institute of Chartered Surveyors (RICS). The cost of the survey is your own responsibility, even if you decide not to sell. **Please note that a free estate agent's valuation is not acceptable.**

2. After a valuation has been obtained, you must provide us with a copy of the report so that we can firstly agree the value placed on the property and secondly confirm what price you can ask for your share. You can only sell the property for an exact proportion of the selling price, so you cannot ask for more than it is valued. However, should you so wish you can accept a lower price than the valuation.

3. Once we have agreed with you what price you can ask for your share in the property, you are free to place the property with an estate agent or market it yourself. You can only advertise the percentage share that you own, so if you own 25% then you can only advertise this proportion for sale. The cost of the estate agent's fees is your own responsibility. We will need to see a copy of any sales information before the property is advertised to ensure that there is no misleading information.

4. When a buyer has been found, they will need to complete our application form so that we may consent to them buying your share of the property. Please note we will only approve an application if the person meets the publicised eligibility criteria. We will need details of the solicitors acting for both the buyer and you, so that we can finalise the rent before completion of the sale. Please note that you and the buyer are responsible for your own legal fees.

The above is only intended as a brief guide. If you intend selling your home please contact us immediately so that full instructions can be provided.

11. BUYING MORE OF YOUR HOME

NBHB enables you to acquire a property that you may not normally be able to buy outright due to financial circumstances. Once you have bought a property under the scheme, you can stay in it as long as you wish, provided you pay the monthly rent and service charge.

However, we recognise that you may at some point want to buy extra shares in your home for example going from 25% ownership to 50%. Or you may wish to buy all the extra shares, giving you 100% ownership.

This increase in ownership is known as "Staircasing" and the procedure is covered in the terms and conditions of your lease.

To buy extra shares, here is general guidance on what you need to do:

1. An open market valuation must be obtained for the whole of the property from an independent valuer. We will agree a valuer with you and then appoint them to provide a valuation report for your home. We require payment of the valuation fee in advance before we will instruct the valuer. You pay us for the valuation regardless of whether you choose to buy extra shares in the property or not.
2. Once a valuation is obtained, we will provide you with a copy of the report and tell you how much extra shares will cost. We will also inform you what your revised monthly rent and service charge payments will be if you are buying extra shares. If you are purchasing 100% share then you will only have to pay a service charge. The valuation report is valid for 3 months and any Staircasing must be completed within this period.
3. If you want to go ahead, you will have to arrange the necessary finance normally by way of a mortgage or loan. If you already have a mortgage, we recommend that you contact your present lender in the first instance.
4. Once you have arranged the additional finance, we will need details of the solicitor who will be acting for you. We will then contact them with details of the purchase price, etc. You are responsible for your own legal fees but not ours.
5. After your solicitor has been contacted, you can normally expect to wait 4 - 6 weeks for the sale to go through. When a completion date is known, we will inform your solicitor of any outstanding rent and service charge so that your account can be finalised.
6. Once completion has taken place and if you are not buying a 100% share, we will inform you of your new monthly rent. If you have purchased 100% then our involvement in your home will normally come to end and the freehold or head lease for the property is transferred to you.

The above is only intended to be a guide. If you need any more information or advice, please contact us.

12. CONSULTATION & COMPLAINTS

We consult with you whenever we are legally required to and when it is good practice to do so. However, having purchased a house our day-to-day involvement in managing the property is kept to a minimum.

While we strive to give a good service at all times, there may be occasions when you have to complain about the standard of service. We have a formal complaints procedure, which should be followed, a copy of which is available of request. We strive to resolve complaints as quickly as possible.

13. KEEPING OF PETS

You are free to keep the normal domestic pets in your home. Your lease will contain restrictions on the keeping of unusual animals at the property and such things as outdoor aviaries. If you are intending to keep anything other than normal domestic pets then contact us in the first instance.

14. ADMINISTRATION FEES

We charge an administration fee to cover our costs when providing additional services which are not covered by your management fee recovered through the service charge.

The administration fees are reviewed annually and details are available on request. We levy a fee for providing the following:

- Providing full details of the buildings insurance policy
- Providing references for mortgages or other secured borrowing
- Administering the re-sale of your property including approving valuations, purchasers, dealing with solicitors enquiries, Deeds of Covenants, etc.

If you have any queries regarding these charges please contact us.

15. CONTACTING US

You can contact us 24 hours 7 days a week via our Customer Service Centre (CSC) on **0845 111 0000**

By letter or person at:

In the Northwest:

Riverside Home Ownership
Unit 12A The Matchworks
Speke Road
Garston
Liverpool L19 2RF

Fax: 0151 282 8539

In the Midlands:

Riverside Home Ownership
Riverside House
49 Western Boulevard
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