

YOUR GUIDE TO BUYING A **SHARED** **OWNERSHIP** HOME WITH US.

*New Shared Ownership Model.
Affordable Housing Programme for
homes build between 2021 to 2026.*



LET US INTRODUCE OURSELVES

Riverside is one of the UK's leading housing providers, owning or managing around 80,000 homes across the country.

Since 1985, we've been experts in building and selling affordable homes through a range of government-backed home ownership schemes, including shared ownership and rent to buy.

As residential property managers, we also provide and manage services such as gardening and cleaning to our leaseholders and tenants.

Helping people onto the property ladder plays a key role in our aim to transform lives and build strong, lasting communities.



SHARED OWNERSHIP

If buying a home outright is beyond your reach, then shared ownership could be for you. With shared ownership, you buy a percentage share of your home and pay rent on the rest. It's more affordable than buying outright because you'll have a smaller mortgage and you won't have to find a big deposit.

Just recently the government made some changes to shared ownership to make it even easier for you to buy a share in your home. These changes apply to properties bought after 1 April 2021.

Now, instead of starting with a minimum 25% share, you can buy a share from 10% up to 75%. It really depends on how much you can afford. You'll then pay a reduced rent on the remaining share, which is subsidised by the government.

Say you choose a property that costs £150,000 and you're thinking of buying a 20% share in it. This means you'll need a deposit and mortgage worth £30,000, and you'll pay a reduced monthly rent on the remaining 80%.

After 12 months living in your home, you can choose to increase your share, from as little as 1% at a time. This is known as staircasing. Or you can stay as you are.

In most cases, you can keep buying shares until you own your home *100%.

Who's eligible.

Shared ownership is for anyone who'd like to own a home but can't afford to buy one outright. You may qualify if:

- Your household income is less than £80,000 a year, or less than £90,000 a year in London
- You don't currently own a home or have a legal interest in a property
- You're forming a new household - for example, after a relationship breakdown
- You can secure a mortgage or have funds to buy a share of the property
- You can afford to buy a share of the property — the monthly mortgage, rent and service charge payments should be less than 45% of your household income after tax

Some other restrictions may apply on certain properties such as the size of the household or a requirement to be living locally. We'll let you know if this applies to the property you're interested in.

To get more details, read through the rest of our guide. If you buy a shared ownership property, you become a leaseholder so you should also ask your solicitor to explain the lease, which is a legal document, so you know exactly what your responsibilities and liabilities are.



WHEN YOU CAN AFFORD TO YOU CAN BUY MORE OF THE PROPERTY UNTIL YOU OWN ALL OF IT; THIS IS CALLED STAIRCASING.

* Some of our homes (for people over 55 or those in rural areas) have a limit on the maximum share that can be bought to keep the home affordable for future generations.

BUYING A SHARE IN A NEW HOME – STEP BY STEP

Buying a share in a home can seem like a daunting task, especially if you're a first-time buyer. But we'll be with you every step of the way to help you through the process. This is what happens when you buy a new-build shared ownership property.

1

REGISTER WITH A HELP TO BUY AGENT

Once you've found the shared ownership property you want to buy a share in, you should register with a Help to Buy agent. To find your local agent, visit www.ownyourhome.gov.uk/scheme/shared-ownership. You'll need to complete their online application to see if you're eligible for shared ownership.

2

CHECK YOU CAN AFFORD IT

Check that you can afford to buy the property by contacting an independent financial advisor (IFA), ideally one who specialises in shared ownership. They will carry out an affordability assessment to work out whether you can manage all the costs of home ownership, including mortgage payments and rent on the remaining share of the property you don't own, moving costs, any taxes, insurance and so on.

3

COMPLETE AN APPLICATION

Once you've passed the IFA's affordability assessment, you'll need to fill in our application form. We'll also need supporting evidence such as copies of your payslips, bank statements and photo ID. If your application is approved, we'll confirm what percentage share you can buy.

4

RESERVE THE PROPERTY AND APPOINT A SOLICITOR

Once you've reserved the property, you'll need to appoint a solicitor to act on your behalf. You need to give your solicitor all the details on the reservation form. Your solicitor will carry out local searches and make legal enquires on your behalf. Make sure you keep in touch with us and your solicitor to ensure the purchase goes smoothly and that you fully understand the terms of the lease. The legal process may take up to 10 weeks.

5

SECURE YOUR MORTGAGE

You're now free to apply for a mortgage. You can either secure a mortgage through your independent financial advisor or ask your bank whether they offer mortgages for shared ownership.

6

EXCHANGE CONTRACTS AND MOVE IN

Your solicitor will exchange contracts with our solicitor and agree a completion date. This could be on the same day. On the day of completion your mortgage money will be transferred to us and you become the leaseholder of the property. Now, all you need to do is move into your new home. See our handy moving tips towards the back of this guide.

We're here from the minute you find a home until the day you move in.



BUYING A 'RESALE' SHARED OWNERSHIP HOME

A 'resale' property is where a current shared owner now wishes to sell their share of the property. As you're buying your share from the current shared owner instead of us, the process is slightly different. This is what happens when you buy a resale shared ownership property.

1

REGISTER WITH A HELP TO BUY AGENT

Once you've found the shared ownership property you want to buy, you should register with a Help to Buy agent. To find your local agent, visit www.ownyourhome.gov.uk/scheme/shared-ownership. You'll need to complete their online application to see if you're eligible for shared ownership.

2

CHECK YOU CAN AFFORD IT

Check that you can afford to buy the property by contacting an independent financial advisor (IFA), ideally one who specialises in shared ownership. They will carry out an affordability assessment to work out whether you can manage all the costs of home ownership, including mortgage payments and rent, moving costs, any taxes, insurance and so on.

3

COMPLETE AN APPLICATION

Once you've passed the IFA's affordability assessment, you'll need to fill in our application form. We'll also need supporting evidence such as copies of your payslips, bank statements and photo ID. If your application is approved, we'll confirm what percentage share you can buy.

4

ARRANGE AN VALUATION

Next, the home you're buying will need to be valued by a RICS valuer (surveyor) and this will be price we'll expect you to pay for the property. You'll need to instruct the RICS valuer yourself and pay for the valuation.

5

SECURE YOUR MORTGAGE AND A SOLICITOR

You can now start to shop around for a mortgage deal. We can give you details of independent financial advisors (IFAs) who'll help you find a mortgage, but you can use your own if you like. At this point, you'll need to appoint a solicitor to act on your behalf. Your IFA will help you make a full mortgage application. Your solicitor will carry out local searches and make legal enquires on your behalf.

Make sure you keep in touch with your solicitor to ensure the purchase goes smoothly and that you fully understand the terms of the lease. Your solicitor should also enquire about things such as rent and service charges.

We'll continue to be involved and will deal with both solicitors during the sale. With a resale property, the time it takes to complete the legal process can vary. It will depend on whether the person you're buying from is part of a 'chain'.

6

EXCHANGE CONTRACTS AND MOVE IN

To complete the legal process, your solicitor will exchange contracts with the seller's solicitor and agree a completion date. This could be on the same day. On the day of completion your mortgage money will be transferred to the seller and you become the leaseholder of the property and pay rent and services to us, if applicable. Now, all you need to do is move into your new home. See our handy moving tips towards the back of this guide.

FREQUENTLY ASKED QUESTIONS

Here are some of the questions we get asked the most. If there's anything else you need to know, just drop us a line.

THE BUYING PROCESS

CAN I CHOOSE THE SHARE I WANT TO PURCHASE?

To begin, with a new shared ownership home you can buy anything from a 10% share up to 75%. As we provide homes with funding from Homes England we have to follow their rules and guidelines.

One rule is that buyers of shared ownership properties must purchase the largest share that they can comfortably afford. Once you've completed your application and provided evidence of your income, we'll confirm what percentage share you can buy. For resale properties, the share available will depend on the results of the affordability check. You might be able to afford a higher share than what is being sold.

WHAT WILL MY SOLICITOR DO?

Your solicitor will deal with the conveyancing for you. They will explain the lease to you so that you're fully aware of your responsibilities and liabilities of what you're buying. Please make sure you ask them to explain the lease in full.

We can give you a list of solicitors who understand how shared ownership and leasehold works, and a list of questions that you should ask them. You can choose any solicitor you wish. We recommend you choose someone who's familiar with shared ownership so they're able to talk you through all the details.

WHY DOES RIVERSIDE HAVE TO APPROVE MY MORTGAGE?

We have to make sure that you're not borrowing more than the value of your share, and that the monthly repayments are affordable to you. Mortgage lenders also require our approval as part of their conditions of lending for shared ownership.

HOW LONG IS THE LEASE FOR?

When a new shared ownership property is sold for the first time, it's usually on a 990-year lease. If you're buying a resale property (i.e. from someone who already owns it), you'll inherit the remaining years left on the lease. For example, if you have a 990-year lease property and the current owner has held the lease for 10 years, you'll have a 980-year lease. If the lease term is less than 80 years, you might want to consider extending the lease. Please speak to your solicitor to find out what this means for you.

AFTER MOVING IN

WHY DO I HAVE TO PAY RENT?

As you only own a share of the property, you'll need to rent the remainder from us. During the application process, we'll tell you how much your rent will be (and any service charges you'll need to pay) so you're clear on what your monthly outgoings will be.

WHAT IS A SERVICE CHARGE AND WHAT DOES IT COVER?

The cost of any additional services we provide to your home is paid through a monthly service charge. Usually it will include buildings insurance, a management fee and the cost of any estate or communal area services such as gardening and repairs.

The management fee covers our costs for running your rent account, provision of a Leasehold Services Team and some of our support services. Your solicitor will provide a breakdown of what service charges you'll need to pay.

HOW CAN I PAY MY RENT AND SERVICE CHARGE?

You can choose to pay your rent and service charge by monthly direct debit, standing order, or by debit card online or over the phone. You can also use your Allpay card to pay over the counter at a Post Office or any PayPoint outlet.

WHO'S RESPONSIBLE FOR THE COST OF REPAIRS?

Under the new shared ownership model, we're required to support you with essential repair costs, up to a value of £500 a year. We have to do this for the first 10 years of the lease. If the £500 allowance is unused in any one year, it will be rolled over to the following year.

The types of essential repair costs we'll help with include: the repair of faulty installations that supply water, gas, electricity, heating and sanitation such as sinks and baths, which aren't covered by warranty.

If you're buying a flat, we'll be responsible for repairs to the main structure of the building as well as communal areas. Some shared ownership leases contain a provision for payment towards specified repairs. Please check your lease for details or contact us.

WHO ARRANGES FOR REPAIRS TO BE DONE?

You'll be responsible for arranging all repairs to your home. For repairs that are eligible for financial support from us, you'll be required to use a Trustmark approved tradesperson. We'll ask you to provide evidence of the repair costs, with invoices and photographs.

The repairs will then be approved or rejected by us within seven days, and the claim will be paid out within 21 days of approval. We aim to make the process as quick and easy as possible.

CAN I SUBLET MY PROPERTY?

Shared ownership properties cannot be sublet. If you have to be away from the property for an extended period of time, you should contact us to discuss your circumstances.

CAN I HAVE PETS?

Your lease will tell you whether you can keep pets in your home and may even specify the type of pets you can have. If you live in a house, it's more likely that you'll be able to have pets as long as they don't become a nuisance to other residents. If you live in a flat, restrictions are often in place. Your lease might state that you need to get permission from us if you wish to keep a pet.

CAN I MAKE IMPROVEMENTS TO MY HOME?

If you'd like to decorate your home such as painting it or putting up shelves, you won't need our permission. If you're thinking about doing some improvements to your home, please talk to us. We'll ask you to fill in a Home Improvement Request form. All authorised improvements to your home would be carried out at your own cost and would be subject to the applicable building regulations and planning permissions.

HOW DOES STAIRCASING WORK?

Staircasing means buying more shares in your home as time goes on. You could gradually increase your share until you own your home outright. After the first year, you can buy a minimum 1% share each year, for 15 years.

If you decide to buy more shares, we'll need to carry out a valuation of your home. Any costs associated with the valuation will be paid for by us but you'll need to pay your own legal fees. The shares should be bought within three months of the valuation date, otherwise a new valuation will be needed.

WHAT IF I WANT TO SELL?

You can sell your property at any time but you need to tell us. Unless you own the property outright, we have the right to nominate a buyer as we may have a waiting list of people wanting to buy a shared ownership home.

After four weeks, if we're unable to find a buyer, you're free to sell your home on the open market. Some leases require you to offer the property back to us before you sell on the open market. Please check your lease.

When you sell your home, you'll benefit from any increase in the value of the property. But you should be aware that, like any other homeowner, you may also be affected by a fall in value.

WHAT ARE SELLING AND ADMINISTRATION FEES FOR?

We charge an administration fee to cover costs such as approving valuations, assessing purchasers, liaising with solicitors and responding to enquiries.

AN A TO Z OF WHAT IT ALL MEANS

You'll hear some of these terms when you're buying a home. This guide covers most of what you'll need to know.

ADMINISTRATION FEES

Fees are charged when you come to buy and sell your property and for certain other services we provide that aren't included in your regular service charge.

AFFORDABILITY CHECK

We assess of your finances to see if you can comfortably afford to buy the home you want. We look at your monthly income (after tax) and your monthly outgoings.

This information is then compared with the estimated monthly mortgage repayment, rent payment and service charge. To be approved, the total monthly cost must be below 45% of your monthly income after tax.

AGREEMENT IN PRINCIPLE/ DECISION IN PRINCIPLE

This is an indication from a bank or building society of how much they may lend to you before they complete the formal mortgage application. For example, you can ask a mortgage lender for a Decision in Principle before you start searching for a property to buy. This will tell you roughly how much you'll be able to borrow.

BUILDING GUARANTEE

Our new-build properties come with a 10-year guarantee from the build completion date, not the date you move in. This is often called a new-build warranty and covers the structure of the building against major defective problems.

BUILDINGS INSURANCE

Where we provide buildings insurance, the cost of this will be covered in your service charge. This is insurance for the structure of the building only, which is often required by your mortgage lender. You will need to arrange your own contents insurance.

COMPLETION

Legal completion is when the solicitors or legal representatives from both the buyer and seller complete the sale transaction, and the seller receives the money from the buyer. It is at this point that the buyer becomes the legal owner of the property.

You can normally move in on the day the sale completes.

You'll be in the hands of experts along the way - your solicitor, mortgage advisor and us.

CONVEYANCING

This is the term for the legal process of buying a property and transferring ownership from seller to buyer. This is usually carried out by a solicitor who should check up on every legal aspect of the property.

They should ask the seller's solicitor any questions about rights of way, neighbours, boundaries or drainage issues etc and request any other information relevant to the property. Your solicitor will also do a local authority search to see if there's anything that could affect your decision to buy, such as a proposed new development close to the property.

CREDIT CHECK

Your financial advisor and mortgage lender will check the files of a credit reference agency to determine your suitability for a mortgage. This will involve looking at any loans or credit agreements you have with other companies and whether you've been keeping up with repayments.

DEFECTS

The new-build properties we sell come with a 'defects period' (usually 12 months from the date the property was completed). This is when you can report any areas of defective workmanship or

defective materials to us. We'll arrange for the builder to come back and put these defects right.

EXCHANGE OF CONTRACTS

This is when the buyer and seller agree to sign contracts for the sale of the property, and the buyer pays a deposit. The contract is legally binding and obliges the seller to sell the property, and the purchaser to buy it. Compensation may be payable if either party pulls out after this point.

EXTRA CARE

Some of our homes form part of an 'extra care' development, usually for people aged 55 and over. These homes are designed for people who can live independently, but need some support. Additional services are usually provided and paid for through the service charge, such as on-site staffing and helplines.

INDEPENDENT FINANCIAL ADVISOR (IFA)

IFAs are professionals who offer independent advice on financial matters and recommend suitable financial products from the whole of the market. They'll carry out a detailed assessment of your finances and help you find a suitable mortgage. You should check what their fees are before you begin.

LEASE

The lease is the legally binding document setting out the terms of ownership and the legal rights and responsibilities of both the leaseholder (you) and the landlord and/or freeholder (usually Riverside). It's essential that you read and understand the lease before you commit to buying a property. Ask your solicitor to explain it in full.

LEASE EXTENSION

If you're buying a resale property (i.e. from someone who already owns it), you'll inherit the remaining years left on the lease. When the lease runs down to around 80 years or less, there may be difficulties obtaining a mortgage on the property. With our agreement, you could extend the number of years left on the lease. You'd be responsible for all legal fees associated with extending the lease.

LEASEHOLD

A leasehold is where the land and structure of the building are still owned by the landlord or freeholder (us). When the leasehold runs out, the property will revert back to being a freehold. It will mean that ownership of the property will return to us. Generally, all flats or apartments are leasehold, although some houses can be too. All shared ownership properties are sold on a leasehold basis.

With a freehold, the property and the land it's built on are the owner's. If you buy a house and you staircase out (i.e. you own 100% of the property), in most cases we'll transfer the freehold to you at no cost.

LEASEHOLD SCHEME FOR THE ELDERLY (LSE)

Some of our retirement properties are available through the LSE scheme, specifically for people aged 55 and over. The leaseholder pays 70% of the open market value to purchase it and pays a monthly service charge. The remaining 30% is a 'locked in' discount – the idea behind the scheme is to retain a supply of homes for older people at an affordable price.

MANAGEMENT COMPANY/ MANAGING AGENT

Some services to a building or development may be supplied by a third party management company. For example, this can happen where we don't own all of the properties within a development. Charges for their services will usually be included in the shared ownership service charge collected by us. In some circumstances, you might have to pay this money directly to the management company.

MORTGAGE

A mortgage is a loan from a bank or building society to purchase a home, and is secured against the property itself. We must approve your mortgage to check that it's affordable to you, and that it's not for an amount greater than the value of your share.

REPAIRS OBLIGATIONS

All properties need some general repairs from time to time. We'll support you with essential repair costs, up to a value of £500 a year. We'll do this for the first 10 years of the lease. If the £500 allowance is unused in any one year, it will be rolled over to the following year.

If you live in an apartment or on a development with shared areas such as corridors or a car park, it's usually our responsibility to arrange the maintenance of these areas. The cost of communal repairs is shared by residents and collected through the service charge. Some shared ownership leases contain a provision for payment towards specified repairs. Please check your lease for details or contact us.

RESERVATION

To secure a home, you'll need to pay a reservation fee. The reservation period lasts for four weeks and during this time you'll need to secure a mortgage and instruct a solicitor.

If you change your mind after solicitors have been instructed, we'll refund your fee minus our reasonable costs. If the sale goes ahead, the reservation fee will be deducted from the purchase price.

RICS SURVEY/VALUATION

All valuations must be carried out by a surveyor who is a member of the Royal Institute of Chartered Surveyors (RICS). This is often a requirement of the lease and is common practice with shared ownership.

SCHEME

We sometimes refer to your home as being part of a scheme. A scheme is usually a self-contained group of houses or apartments that we manage.

SINKING FUND

A sinking fund is money set aside for the replacement of major components on a development, such as windows and roofs. Rather than collect an amount each month to cover these costs through the service charge, many leases require a sinking fund payment to be made when you sell the property.

The lease will state how this amount will be calculated, but it is usually based on a percentage of the sale price and how long you've owned the property. A sinking fund is necessary to ensure that the costs of major renewals and replacements are paid equally by all generations of residents.

The fund also maintains the value of your asset, and any new purchasers will feel reassured that money has been set aside and they won't have to bear the full costs of major repairs.

The money in the sinking fund is held in trust in an interest-bearing bank account

on the development's behalf. We don't benefit in any way from the sinking fund.

STAMP DUTY LAND TAX (SDLT)

Stamp duty is a government tax payable when you buy a property. Different terms can apply on shared ownership properties and in different parts of the country. Your solicitor will tell what you'll have to pay, if anything.

We're here
for you every
step of the way.
If you have any
questions, no
matter how
small, just get
in touch.



COUNTDOWN TO MOVING IN DAY

Use this handy checklist to help you remember all the important things as you get ready to move.

4-6 WEEKS TO GO

- Organise how you'll move your belongings and arrange a removal firm if needed
- If you rent your current home, give notice to your landlord when your completion date is confirmed
- Find a new dentist, doctor and optician if you're moving to a new area

3 WEEKS TO GO

- Arrange contents insurance for your new home
- Plan your packing, throw away or donate to charity anything you no longer want
- Start collecting packing boxes – ask family and friends
- Contact your solicitor for an update

2 WEEKS TO GO

- Arrange for your post to be re-directed
- Make a list of everyone you need to tell about your change of address. Here's a start:
 - Friends and family
 - Bank and credit or store card companies
 - Utility providers
 - Car insurance and finance companies
 - DVLA
 - Your employer
 - TV licensing
 - Benefits agencies
 - Telephone, mobile phone, TV and internet providers
- Contact your solicitor for an update

1 WEEK TO GO

- Confirm moving arrangements with your removal firm
- Pack your non-essential items
- Cancel any deliveries – milk, newspapers etc
- Make up a tool kit with screwdrivers, pliers, a hammer, light bulbs and keep it handy for the move
- Put aside essentials to be packed last such as bedding, night clothes, toiletries, tea and coffee, toilet rolls and cash
- Make any arrangements for children and pets
- Contact your solicitor for an update

THE DAY BEFORE

- Make sure we have your contact mobile number
- Confirm everything is set for tomorrow with your solicitor
- Check on final arrangements for leaving your old home such as returning your keys or collecting your rental deposit

MOVING DAY

- Check with your solicitor that completion is set
- Confirm everything with your removal firm
- Check that you've left nothing behind as you leave your old home
- Collect your new keys and begin moving in

A LITTLE EXTRA HELP

To help you along the way, we've put together this list of places where you can find even more information.

www.riversidehomeownership.org.uk

The Riverside Home Ownership website explains all of the different affordable housing options and properties that we have available, and how the schemes work.

www.lease-advice.org

LEASE is a government-funded source of free information for leaseholders, landlords and professional advisors covering a range of leasehold related matters.

www.arma.org.uk

The Association of Residential Managing Agents is the trade body for residential leasehold management organisations. Their website has lots of useful information on the management of leasehold homes for residents.

www.moneyadvice.service.org.uk

Set up by the government, the Money Advice Service offers free, impartial advice and help planning your finances.

www.lawsociety.org.uk

The Law Society is the independent professional body for solicitors. Their website can help you find a suitably qualified solicitor near you, and gives some general advice on buying property.

www.gov.uk

Visit GOV.uk and search 'shared ownership' for details of how the scheme is governed and the guidelines we follow. There you can also find information on a range of issues including housing options, benefit entitlement and more.

Still need some help?

If you've got any other questions, email us at sales@riverside.org.uk or check out our website at www.riversidehomeownership.org.uk



If you haven't got access to the internet, give us a call and we can give you details of how to contact organisations by telephone.



Riverside Home Ownership is the sales arm of Riverside, established over 90-years ago to provide a range of affordable housing options for people across England and Scotland. With customers firmly at our heart, we are all about creating vibrant, friendly, diverse communities where people want to live, work, and relax.

The Riverside Group Limited

Registered Office:
2 Estuary Boulevard,
Estuary Commerce Park,
Liverpool L24 8RF

A charitable Registered Society under
the Co-operative and Community
Benefit Societies Act 2014