SO

Shared Ownership
for Sunderland

A buyer's guide

Dreaming of owning your own home?
Shared Ownership is **SO** for you.

gentoo

Contents

If you are ready to get on the property ladder but struggling to save for a large deposit or think you can't afford it, Shared Ownership is SO for you.

Buying your first home can feel like a big step. This guide explains how Shared Ownership works and how our team can support you every step of the way.

All of Gentoo Shared Ownership homes will be delivered through the Affordable Homes Programme (AHP) 2021-2026 and the Social and Affordable Homes Programme (SAHP) 2026-2036.

About **Gentoo**

We provide homes for more than 60,000 people across Sunderland and are committed to helping our customers and communities thrive.

We invest in homes, neighbourhoods and services that help people live well and feel proud of where they live.

Through Shared Ownership, we're helping more people take an affordable step towards owning a home of their own

What is Shared Ownership?

Shared Ownership is an affordable way to buy a home. Instead of buying a property outright, you purchase a share of the home and pay rent on the part you don't own. The share you buy will depend on what you can comfortably afford.

Because you're only buying part of the property to begin with, you'll usually need a smaller deposit and your mortgage payments could be lower than if you were buying the home outright. This can make home ownership more accessible if you're struggling to save for a large deposit or can't afford to buy on the open market.

As your circumstances change, you can choose to buy additional shares in your home over time. This means you can gradually increase the amount of your home that you own, with the option of eventually owning it outright.

Shared Ownership gives you the security of owning your own home, while allowing you to take that first step onto the property ladder in a way that's affordable and works for you.

What are the benefits?

Shared Ownership makes the homeowner dream more affordable and achievable by supporting you onto the property ladder.

- You only buy what you can afford, so you won't stretch yourself financially
- You need a much smaller deposit than buying the property outright
- It's totally flexible and you can buy more shares in your home if, and when, your financial situation allows
- You can sell your home at any time and will benefit from any increase in value of your share
- You can own a modern, spacious and contemporary new home without the need for large deposits and mortgages

How does it work?

Shared Ownership is an affordable way to buy your own home, without the need for sizeable deposits and large mortgage payments.

The scheme helps you sit comfortably on the property ladder by reducing the amount of savings you need for
a mortgage deposit and by allowing you to gradually buy more shares until you fully own the home, if you want to of course.

As you're only buying a share of your home, your deposit can be as small as 5% of the share you're buying, depending on your circumstances.

Example - To purchase a 40% share of a home valued at £200,000 you would only need a mortgage for £80,000. The 5% deposit you would need for this would be as low as £4,000.

If you choose to buy through Shared Ownership the share you own will depend on your individual circumstances. Typically, this is between 25% and 75% of the value of the property you're buying (but can be from as low as 10%). Once your share has been decided, you can purchase this through a mortgage or cash purchase, or even through a combination of both.

When you buy your property, you enter a long leasehold, which means you have the same rights as an owner-occupier and not a tenant. The lease is usually for around 990 years. This doesn't mean you're tied to the home for this long, you can sell your home whenever you choose, it simply removes any worry of having to extend your lease in the future.

When, and if, you buy more shares is also up to you, so you can sit back and relax knowing the choice is completely yours.

Once your sale is complete and you move into your new home as a homeowner, you'll become responsible for the ongoing costs for the property. This includes home maintenance, monthly mortgage repayments, rent and service charge to Gentoo Group and other household costs such as council tax, water rates, home insurance and energy bills.

To give you peace of mind, all our new homes come with a 10-year NHBC or LABC Warranty which covers you for any major structural defects. You'll be able to claim a repairs allowance of up to £500 each year for the first 10 years for any defects related to your home that affects things such as plumbing and electrics that have not been caused by general wear and tear.

Who's eligible for **Shared Ownership?**

Shared ownership aims to help people onto the property ladder who may otherwise be unable to buy a property on the open market.

You're likely to qualify for Shared Ownership if you meet the following criteria:

- The total household income is less than £80,000 per year
- You are aged 18 or over
- You must be either a first-time buyer or unable to buy a suitable property on the open market
- You do not own a home OR if you do own a home (either outright or through shared ownership) you must have sold this property before purchasing a shared ownership property
- Your income is sufficient to sustain the mortgage, rent and service charge
- You have savings to cover the deposit and legal fees

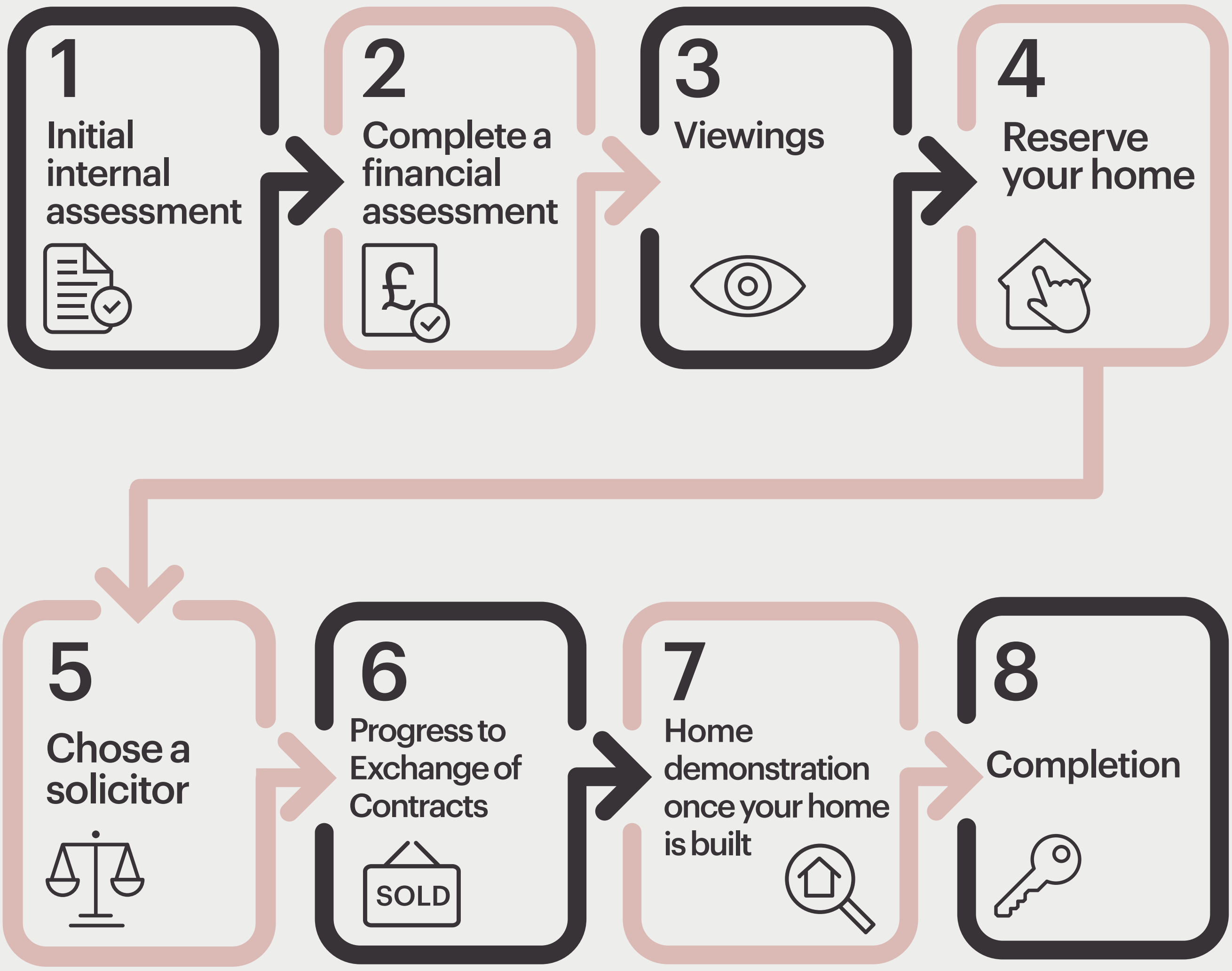
We'll confirm if you are eligible for the property you're interested in by carrying out a quick and easy initial assessment. This will make sure your property is affordable both now and in the future.

How do I apply for Shared Ownership?

So, you've found your perfect new home and you're ready to apply for our Shared Ownership scheme.

Our guide takes you through each step of the buying process to help you understand the journey to Shared Ownership.

Our dedicated and friendly sales team will be on hand every step of the way, from guiding you through the application process to handing you your new keys.



The journey to Shared Ownership

Find a home you're interested in

When a plot is released for sale you are able to express an interest, complete an application form and confirm you meet the qualifiying criteria.

Once we've received your application you can proceed to an initial affordability assessment with an independent financial advisor.

This checks the purchase will be sustainable for you in the long term and gives us a better understanding of your current circumstances. After this, you'll receive a call from our team to agree a recommended share value.

Complete a financial assessment

Once we've agreed a share value with you, an in-depth assessment will be carried out on our behalf by an independent financial advisor. They will look at your income and outgoings and review your lending options to ensure you won't over stretch yourself financially.

You can speak to your own advisor, or we'd be happy to recommend one for you. You'll need to provide them with evidence of your income, proof of your deposit and a credit report.

After this assessment you will be able to reserve your home! To do this, we will need evidence of a mortgage decision in principle which you'll receive from your bank or mortgage lender.

Viewings

You'll now be able to arrange a viewing for one of our properties where we can help you choose your perfect home.

These viewings may be offered as virtual or in person, depending on your preferred development and whether you reserve off-plan or not.

During the viewing, we'll talk you through the unique features of our new homes and you will have the opportunity to ask any questions.

Reserve your home

Once you've found the right home, you'll need to pay a £500 reservation fee to secure it.

This payment is non-refundable and can be made by debit or credit card. Our team will usually take the payment over the phone.

The £500 will be deducted from the amount you pay when you complete the purchase of your home.

Once we've received your payment, the home will be reserved for you. You can then begin the legal process with your solicitor.

Choose a solicitor

To buy your new home you'll need an experienced solicitor to carry out the necessary legal work.

This is also known as conveyancing.

If you need help finding a solicitor, we'd be happy to recommend some local law firms. We'll ask you to confirm your solicitor's details with your reservation acceptance.

You'll need to cover the cost of the legal work associated with buying your home which is usually between £1,000 - £1,500.

Your chosen mortgage lender will also require a valuation survey of the property. The fee for this will depend on your lender and the agreed purchase price, your mortgage advisor will happily confirm these for you.

Notification of sale

Once we've received your completed reservation document, we will issue a Memorandum of Sale to you and the solicitors.

This is a summary of your purchase and will include the name/s of all buyers, property details, agreed purchase price and vendor and solicitor details. All parties should communicate directly with each other to handle the purchase of your new home and our sales team will keep in touch to help your sale run smoothly.

We will give you a date when we expect to exchange contracts, typically this is six weeks after reservation, so it's important to be organised.

During this time, your solicitor will be carrying out local searches and legal enquiries on your behalf. Once all enquiries are complete and your mortgage is approved, your solicitor will ask you to sign contracts. At this point you'll need to pay the rest of your deposit.

After this is paid, you can exchange contracts, this is where you are legally bound to buy the house and we are legally bound to sell you it.

Home demonstration

Once you've exchanged contracts and before you complete the purchase of your new home, we'll arrange a home demonstration with our team.

This gives you the chance to get familiar with your new home, ask any questions, and learn how everything works before moving day.

Completion

Once your new home is built and ready, we'll agree a completion date with you.

On completion day, your mortgage lender will send the funds to your solicitor, who will then transfer them to Gentoo. This includes your deposit and an apportionment of rent and service charge paid one month in advance.

Once we receive the funds, the sale is complete and you'll officially own your share of the home. All that's left to do is collect your keys!

When you collect your keys, you'll receive a welcome pack, your handbook and instructions for your heating and appliances. We'll also ask you to sign some paperwork to confirm you've received everything you need.

We'll take final meter readings so you're only charged for utilities from the day the home becomes yours. You'll then need to contact your local council and utility providers to set up your accounts, and arrange for your household bins to be delivered.

Staircasing

Now you're on the property ladder, staircasing helps you move up the ladder by slowly increasing the shares that you own in your home over time, but only of you want to. Buying more shares gradually is known as 'interim gradual staircasing', buying more shares and owning 100% of the home is known as 'final staircasing'.

You don't need to staircase, but there are benefits to owning more of your home.

- Buying additional shares in smaller amounts also means you can own more of your home without additional lending, helping you to avoid expensive mortgage fees.
- You'll pay less rent to Gentoo.
- Once you own the property outright you can also alter the property without seeking permission from us first, and Sell the property any time you wish without requiring Gentoo's consent.

Interim gradual staircasing

You can buy additional shares in your home in increments as little as 1% with reduced legal/admin fees for the first 15 years that you own the home. Buying in small amounts makes it much easier for you to staircase without additional lending such as a mortgage being required. You may simply have saved up some money and wish to put this into an additional share of your home.

Each year, we'll use the latest available House Price Index (HPI) to produce an up-to-date valuation for shared ownership owners who wish to purchase and additional 1% share of their home via gradual staircasing. You cannot roll over unused options to buy 1% shares in future years. The offer is limited to a maximum of 1% each year. You cannot buy shares of 2%, 3% or 4%.

If you'd like to buy larger shares you can do this through the existing staircasing process. Anyone wishing to buy more than 5% additional shares will be required to obtain an independent RICS (Royal Institution of Chartered Surveyors) valuation with a qualified surveyor. These fees remain the responsibility of the homeowner.

Final staircasing

This is the process where you reach 100% ownership of your home. You can do this either in one payment or after several interim transactions.

You'll now own your home outright and will no longer be a shared owner or need to pay Gentoo rent. Once full home ownership is achieved, the freehold of the property will be transferred to you from Gentoo.

For flats however, the property remains a long leasehold as Gentoo remains liable for the maintenance of communal areas and services.

Are there any restrictions?

Yes, you may not be able to staircase if any of the following applies:

- If there are certain restrictions in the lease that prevent you from staircasing to 100% (for example, a local restriction). Your solicitor will check your lease and confirm this with you before you purchase your home.
- If your income doesn't meet the government guidelines and the property is no longer affordable.

What are my **financing options**?

Unless you can afford to pay for any additional shares from savings, staircasing will normally involve additional borrowing.

Please speak with an approved mortgage lender or independent financial advisor to find out how much you can afford and how much the extra shares will cost you.

You will apply for a mortgage in the same way as you did when you first bought your home.

Selling your **Shared Ownership** home

If you're looking to move home you can do this at any time by selling the share you own to someone else who meets the shared ownership criteria. Our dedicated leasehold teams are available to help you if you decide it's time to move.

Just let us know and we'll provide all of the information you need to start the resale journey. You are responsible for seeking legal advice when you sell your home and any associated legal fees will be your responsibility.

Frequently asked questions **(FAQ's)**

Our handy list of FAQ's will help to answer any queries you may still have. If you have any more questions, just give a member of the sales team a call and they'd be happy to help.

Can I choose the share I want to purchase?

Government regulations require you to purchase the largest share you can afford. This will be calculated for you based on your income and expenditure you discuss with your independent financial advisor.

What size property can I buy?

You can apply to buy any size property, but as we're a housing association if there's high demand for our homes we'll need to use our existing allocations policy to allocate the home to a buyer. This means priority may be given to households whose size is more suitable for the property, so a couple with children may get priority over a single buyer for a three-bedroom home.

What are the costs associated with buying?

When you buy a home there's upfront fees and payments that will need to be made before and during your new home journey. These include:

Deposit – A deposit is the lump sum of money which you will pay towards the cost of your home. It will normally be a minimum of 5% of the value of your home but this will depend on your mortgage lender. Once your application has been assessed we will be able to give you a better idea of the amount.

Reservation fee – We'll require a £500 reservation fee to reserve your home, but don't worry, this will be deducted from the completion statement and money owed when you complete on your home.

Mortgage Valuation fee – This cost is for the valuation of your property which your mortgage lender will arrange. The average valuation fee in the UK is £250 but please discuss the types of mortgage survey and prices with your mortgage advisor.
Mortgage Arrangement fees – This refers to the product and admin costs of setting up your mortgage.

Please ensure you discuss this fully when you undertake your financial assessment. Some lenders allow you to add these fees to your mortgage rather than paying up front.

Mortgage advisor fee – Some mortgage advisers charge for their service. Your adviser will tell you how much their fee is.

Legal fees – These are the fees which will be paid to your solicitor to cover the cost of their legal work associated with buying your home. The average fee is around £1,000, but this varies depending upon the law firm. If you would like some guidance, we can recommend a solicitor for you, and their fees are highly competitive and they will help you to understand what you are buying and your obligations. It is important to instruct a solicitor familiar with Shared Ownership.

Advance rent / Service charge – You'll be asked to pay your rent and service charges to Gentoo monthly in advance. When your sale legally completes you will be charged an apportionment of charges depending on the day of your completion. For example, if you complete on the 10th of the month you will be asked to pay the rest of that month + one month in advance. The repayment will then revert to a normal month's payment from the second month.

Stamp Duty – If applicable. Please check with your solicitor.

Utilities – You'll need to keep up with mortgage and rent repayments, contents insurance, council tax and all heating and water charges for your home.

What is a service charge and what does it cover?

A service charge is the cost of any additional services that we provide to your home.

The amount you pay and what it covers depends on the development, but normally this includes buildings insurance and the cost of communal area services such as gardening, lighting and repairs. You'll pay this with your monthly rent to Gentoo.

Service charges are variable and will be reviewed annually. Each year you'll receive a service charge invoice that can be paid either annually, quarterly, or monthly.

Who's responsible for repairs and maintenance?

We will provide support for you to pay for essential repairs for a '10 year, repair free period' which will apply to the first 10 years of the property's life or until you reach 100% ownership (whichever is sooner).

- Shared owners will able to claim up to a maximum of £500 in repairs and maintenance costs each year to support with the repair or replacement of (if faulty and not covered by warranty):
- Eligible repairs are for installations for the supply of gas, water and electricity, sanitation, pipes, drainage and heating which are not covered by warranty. This will not include general wear and tear or any disrepair as a result of deliberate or avoidable damage.
- A maximum of £500 worth of unused repair expenditure can be rolled forward into the following year.
- You won't be able to reclaim costs for a repair or replacement required due to improper use
- As your landlord, we'll be responsible for ensuring the works carried out are essential and genuine
- Gentoo are not responsible for carrying out any cyclical works inside the home (e.g refurbishment of kitchens or bathrooms)
- Appropriate routine Health and safety requirements such as gas servicing, boiler / air source heat pump, water cylinder and electrical testing will be your responsibility
- Any items gifted to you by Gentoo usually carry a manufacturer's warranty. It is your responsibility to register these items with the manufacturer. Should you have a problem with the products please report them directly with the manufacturer not Gentoo's Repairs Line.
- Should you complete on your house purchase after the manufacturer's warranty has expired, Gentoo regrets that it cannot be held responsible for the life of any gifted item. Any damage caused to the property from a gifted item is also your responsibility and not that of Gentoo Group.
- After 10 years, you'll take on full responsibility for repairs and maintenance costs.

Can I have pets?

Your lease may specify that you need to request permission from Gentoo if you wish to keep a pet. Just contact a member of our leasehold team to discuss this.

Can I carry out alterations and improvements to my home?

As an owner-occupier you are able to carry out improvements in your home however, we ask that you obtain our prior written permission before commencing any work. All requests should be made in writing to our leasehold team.

Can I own my home outright?

If you already own a share of your home and you're ready to staircase and buy a bigger share, we're here to help. It's entirely your decision, there is no obligation to buy more shares. More information on this is available on page 10.

Do I need a solicitor?

Yes, it's important that all property transactions are handled professional by a solicitor.

Once you've instructed a solicitor to work with you, you'll need to give us their details. Our legal team will work with your solicitor to agree completion dates. A full breakdown of the homebuying process with your solicitor is available on page 8 .

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Get in touch today

Visit our website:
www.gentoogroup.com/sharedownership

For new build shared ownership sales enquiries please contact our shared ownership sales team

Call us on: **0191 525 5620**
Email us at: **sharedownership@gentoogroup.com**

Shared Ownership Team
Gentoo Group Limited,
Emperor House,
2 Emperor Way,
Doxford International Business Park,
Sunderland SR3 3XR

For resales and staircasing queries please contact our Leasehold team

Leasehold Team,
Gentoo Group,
2 Emperor House,
Emperor Way,
Doxford International Business Park,
Sunderland SR3 3XR

Tel: **0191 525 2759**
Email: **residentialmanagementteam@gentoogroup.com**

Office hours
Monday – Thursday 8:30am – 5pm
Friday – 8:30am – 12:30 pm

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