

# New Build HomeBuy

Homes for part buy, part rent

useful information and  
a step-by-step guide



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The Sovereign Group includes Sovereign Housing Group Limited, Sovereign Housing Association Limited (a charitable association) plus its subsidiaries and Twynham Housing Association Limited.

HO-0022773 August06

# We're here to help

Use this page to note down any questions or queries you may have.

Call our Home Ownership sales team on the number below and let us answer your questions.

# 0845 602 1618

# Part buy, part rent

New Build HomeBuy is a 'stepping stone' between renting and owning a property. It helps people who would not otherwise be able to afford a new home.

## How does it work?

You buy a share and pay rent on the part that you do not own. On most of our schemes, people usually buy at least a 40% share, but we agree what you can afford to buy so you do not overstretch yourself financially. The most you can buy at the beginning is 75%.

You will need to get a mortgage from a qualified lender, or have personal savings for the share of the property you are buying.

When you complete the purchase, we will give you a 99-year lease. The lease sets out your and our responsibilities.

## What are the costs?

It is important to consider all the costs and responsibilities of buying a property before making a decision to buy. These include the initial purchase costs and the ongoing costs.

## Purchase costs

We suggest that you have savings of between £2,000 and £4,000 to cover the costs of buying, depending on the value of the property. These costs include:

- a reservation fee;
- a valuation fee;
- legal fees;
- stamp duty; and
- any bank or building-society arrangement fee for the mortgage.

You should check all of these costs before you go ahead.

## Your responsibilities and ongoing costs

- **Mortgage repayments**

Your monthly mortgage repayments will depend on the size of your mortgage and interest rates. We can put you in touch with a list of our approved financial advisers to explain the different types of mortgages available and to work out which mortgage will best suit your needs.

- **Rent payments**

It is important to remember that if you are having difficulties in paying your mortgage or rent, you should discuss the matter with your lender and your leasehold services officer as soon as possible. You have to pay us your rent in line with the lease. If you fall behind with your rent or service-charge payments, we may take legal proceedings against you.

- **Insurance**

We insure the building and recover the cost of doing so through a monthly charge. There is a £100 policy excess. This means that you pay the first £100 of any claim you make. (The policy excess in cases of subsidence is £1,000.) You will need to take out another policy to insure the contents of your home from the date that you move in.



- **Service charges**

In some cases, especially if you buy a flat or a maisonette, you may have to pay ground rent and service charges in line with the lease. Service charges will normally cover the costs of maintaining the shared parts of the building.

- **Repairs**

When buying a property through 'part buy, part rent' you will be responsible for all repairs and maintenance to the property in the same way as any owner-occupier.

- **Utility bills**

You will be responsible for all household utility bills, including Council Tax.

## Buying more shares

You can buy more shares in the property at any time. You will buy all further shares at their current market value. This is called staircasing. You must buy at least 10% each time until you have bought the rest of our share. When you have staircased to 100%, the lease agreement between us will no longer exist and we will transfer the freehold title to you (unless you have bought a flat from us). Some local authorities will restrict how much you can buy, especially in rural areas so the homes are always available to local people. We will let you know about any restrictions before you buy.

You do not have to buy further shares if you don't want to. If you do, we will reduce the rent as necessary.

## Alterations and improvements

You must get written confirmation from your leasehold services officer before you carry out any work. You may also need to get approval from your mortgage lender, as well as any legal permission you need, for example, planning permission or building regulations.

## Selling your property

You can sell your home at any time. Your lease says that you must give us eight weeks to find a buyer. If we cannot find someone, you can then sell on the open market.

Please contact your leasehold services officer for information on what you need to do before you contact an estate agent to sell your home for you.

If you staircase up to 100% and then decide to sell, you must first offer the property back to us at its current market value. This applies for 21 years once you have bought all the shares in your home. We will decide whether or not we want to buy back your property. Or we may put someone forward to buy it.

## If a leaseholder dies

If you hold the lease in a single name or as joint tenants, the lease can be passed on or sold in line with your will or the law of intestacy (dying without making a will). If you hold a joint tenancy, the lease automatically passes to the survivor.

# Step-by-step guide

## Step 1

You will need to send us:

- a completed application form;
- proof of your identity (passport, birth certificate or driving licence);
- proof of your savings;
- proof of your earnings (payslips covering the last three months, or three years' accounts if you are self-employed, and your latest P60);
- documents to do with loans or hire-purchase agreements;
- a copy of your rent book, rent statement or mortgage statement;
- written confirmation of the maximum amount you could borrow for a mortgage; and
- bank statements (covering the last three months).

## Step 2

We will credit check your application. This means that we will check to make sure that you do not have any bad credit information registered against your name or previous addresses. We will also ask for a nomination from the local authority (if this applies).

## Step 3

We will assess whether you can buy a home and invite you to come to a face-to-face interview or arrange a phone interview to make sure you can afford all the costs of owning a home. The local authority must support your application (if this applies) before we can offer you a property.

## Step 4

Once you have received our approval, you will need to choose a plot (or we will offer you a property if no choice is available) and find a solicitor to act for you.

You will need to return your reservation form with a cheque for £250, made payable to 'Sovereign Housing'. Send it to the regional office handling your case. You will need to add your solicitor's details to the reservation form, but you should not commit yourself to any spending until you have written confirmation that we have approved your purchase and you have a plot.

It is important that you choose a solicitor who is experienced in 'part buy, part rent' schemes to avoid unnecessary delays. We can provide a list of solicitors who are experienced in dealing with 'part buy, part rent'.

You should call each of these solicitors to find out how much their fees are, including local searches, stamp duty and other costs associated with buying a property, before you agree to use one of them.

## Step 5

Once we have confirmed your reservation, please let your solicitor know. We will send details of the solicitor acting on our behalf, and they will send the contract documents to your solicitor.

## Step 6

You will need to get a mortgage. We can put you in touch with a list of our approved financial advisers to explain the different types of mortgages available, and to work out which mortgage will best suit your needs. Your mortgage lender will arrange to have a standard mortgage valuation carried out.

You will have to get your mortgage offer and exchange contracts within the timescale we agree with you.

Once you have received a copy of your mortgage offer, you should send this to us immediately.

## Step 7

Once we have received all the documents we need you can exchange contracts. This means that you sign a contract to buy the property and we sign a contract to sell it. When you exchange contracts your solicitor may ask you to pay a deposit.

On the day that you exchange contracts, your solicitor will agree the date with you that you are going to complete the purchase. This will normally be one or two weeks after you exchange contracts.

## Step 8

Your purchase is complete. Congratulations, this is the day on which you move into your new home.

We will arrange to meet you to hand over the keys and check all the meter readings. We will also contact the mains service providers to let them know that you now own the property.

## Step 9

Your leasehold services officer will arrange a 'settling in visit' with you within four to eight weeks (if you want to have one).

