

Key
information
about

Shared Ownership

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**Shared Ownership
is an alternative
home-buying
product for people
who would like
to purchase a
property but can't
afford to buy on
the open market**

Introduction

When you purchase a home through Shared Ownership, you will sign a Shared Ownership lease which outlines the rights and responsibilities of both you (the leaseholder) and the landlord.

It is important to seek independent legal and financial advice before committing to this type of property ownership.

This document provides key information to help you determine if Shared Ownership is suitable for you, and it should be read carefully and kept for future reference. It is not part of the lease agreement.



You should also request a copy of the lease from the sales team and consult with your solicitor before signing it. Failure to make payments on rent, service charges, or mortgage could result in repossession of your home.



The information provided in this document is accurate at the time of issue but may change due to fluctuations in house prices and the terms of the Shared Ownership lease.

How does Shared Ownership work?

When you purchase a home, you pay for a portion of its market value and enter into a lease agreement with the landlord. You agree to pay rent on the remaining share of the home.

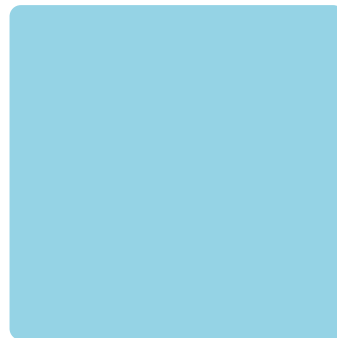
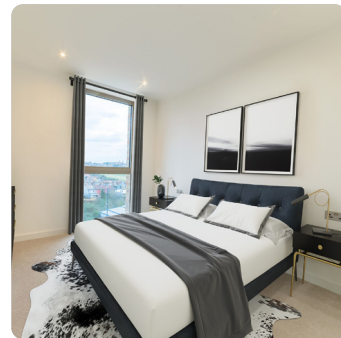
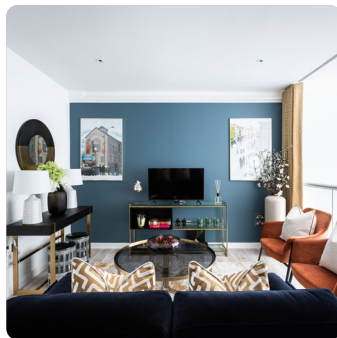
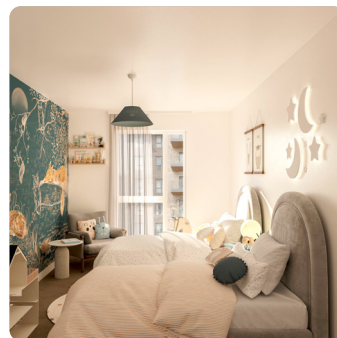
If you want to own more of the home, you can buy additional shares through a process called "staircasing." As you buy more shares, your rent decreases proportionally to the landlord's remaining share.

You are allowed to rent out a room in the home as long as you also live there.

However, you cannot sublet the entire home unless you own 100% of it or are a member of the armed forces serving away from the area for a fixed period with the landlord's permission.



All Shared Ownership homes are sold as leaseholds, even houses



Lease

When you purchase a home, you pay for a portion of its market value and enter into a lease agreement with the landlord. You agree to pay rent on the remaining share of the home.

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from the area for a fixed period with the landlord's permission.

The lease agreement contains various important details, including a description of the property and its boundaries.

It also outlines your responsibilities as a tenant, such as maintenance and repairs, as well as your landlord's obligations, such as providing building insurance. Any restrictions or obligations, such as rules regarding decoration or alterations, are also included. The lease start date is specified, along with the share of the property that you have purchased and the amount of rent you must pay. The landlord's process

for reviewing rent is also explained. Additionally, the lease provides information on how to purchase additional shares in the property (known as staircasing) and how to move out by either selling your share or the entire home.

It is important to thoroughly examine the lease agreement with the assistance of a solicitor since it is a legally binding document. It is crucial to comprehend the terms of the lease before signing it. Your solicitor will give you a copy of the lease.

If your property is old, Origin, your landlord can inform you about their policy on extending the lease.



Shared Ownership gives first time buyers and those that do not currently own a home the opportunity to purchase a share in a new build or resales property

Rent

When you have a Shared Ownership lease, you only need to pay a portion of the market value initially and then pay rent to the landlord for the remaining share. The amount of rent you pay in the first year is determined by a percentage

outlined in the “Key information about the home” document.

If you decide to purchase more shares in your home, your rent will decrease. Origin, your landlord will review your rent periodically, usually every year, and it may increase but not decrease.

The maximum amount your rent can increase is based on the percentage increase in the Retail Prices Index (RPI) for the previous 12 months plus 0.5%. If the RPI

increase is 0% or negative, then the maximum rent increase is 0.5%. An example that shows how the rent is calculated during a review can be found in Appendix 2 of the lease.

Your landlord may be entitled to terminate the lease if you:

- do not pay the rent.
- do not observe and perform your obligations in the lease.

To end the lease, the landlord must obtain a court order. If the lease is terminated, you may lose any

ownership stake in the house you purchased, as well as any deposit or money you put towards buying it.

If you fail to pay rent or violate other terms of the lease, the landlord must notify your mortgage lender, who may take their own action.

When you purchase your home, you will likely need to pay for the remaining days of the current month and possibly for the next month as well:

- rent

- service charge (where applicable)
- estate charge (where applicable)
- buildings insurance
- reserve fund (also known as ‘sinking fund’) payment (where applicable)
- management fee (where applicable)

When calculating the total amount of money required for finishing a task, make sure to include these figures in your plan. You will be given a statement detailing the necessary steps to be taken, which your solicitor will discuss with you.

Example of how the rent might go up:

Rent review date	31 March yearly
Rent in March 2022	£500
Percentage increase	2% (1% increase in RPI + 0.5%)
Rent to pay from April 2023 onwards	£510



To learn more about these expenses, refer to the “Summary of costs” document’s “Your monthly payments to the landlord” section.



Other costs

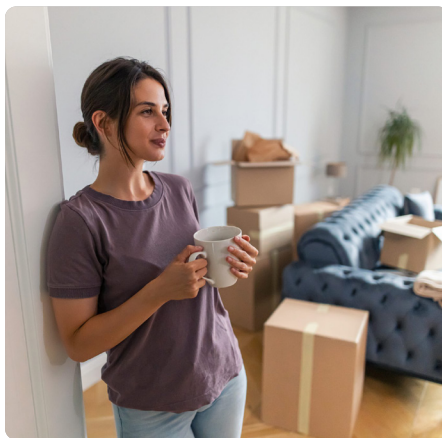
Other monthly costs

- mortgage repayment
- contents insurance
- Council Tax
- gas and electricity
- water

Monthly payments to the landlord

- rent
- service charge (where applicable)
- estate charge (where applicable)
- buildings insurance
- reserve fund (also known as 'sinking fund') payment (where applicable)
- management fee (where applicable)

Go to GOV website for more about [service charges and other expenses](#).



To secure your home, you may be required to pay a reservation fee which will prevent others from reserving the property. Your landlord may have a policy on how long they will hold the property for you before exchanging contracts.

This information can be found in the 'Reservation fee' section of the 'Key information about the home' document.

Reservation fee

If you decide to purchase the home, the reservation fee will be deducted from the final amount due upon completion.

Deposit

It is important to confirm with your solicitor when the deposit is due and with your mortgage adviser when your first mortgage payment is required after completion.

Insurance

You are required to purchase insurance for your own content and arrange it before the completion. As a shared owner, the landlord is responsible for the building's insurance for both houses and flats. If you become a leaseholder after owning 100% of the property, you will still need to pay for building insurance. To determine which applies to you, refer to the "Maximum share you can own" section in the "Key information about the home" document.

Solicitor's costs and extras

You are required to cover the expenses of your solicitor and any additional costs related to the purchase. The fees you can anticipate paying include:

- legal services fee
- search costs
- banking charges
- Land Registry fee
- document pack fee
- management agent consent fee - subject to development and terms of the management company
- Solicitors' fees can vary. Solicitor should confirm what the fees cover and the cost when you instruct them to act on your behalf.

Stamp Duty Land Tax

Depending on your situation and the value of the property, you might be required to pay Stamp Duty Land Tax (SDLT).

It is advisable to consult with your solicitor regarding this matter. Further information can be found on the GOV.UK website:

- [Stamp Duty Land Tax and Shared Ownership property](#)
- [Calculate Stamp Duty Land Tax \(SDLT\)](#)

When calculating the total amount required for finishing a task, make sure to factor in these figures.

Your solicitor will provide you with two documents: an initial estimate of the expenses and a completion statement that outlines the actual costs after the contract exchange.

Maintaining and living in your home

It is your duty as the person leasing the property to ensure that it is well-maintained. This includes covering the expenses for any necessary repairs or upkeep.

If you require assistance from the landlord for essential repairs during the first decade of the lease, refer to section 5.8, which covers the initial repair period.

The landlord is not accountable for any renovations or cosmetic changes, such as replacing kitchen or bathroom fixtures. You must arrange and pay for an annual boiler

service, which must be conducted by a [Gas Safe Register](#) engineer.

Decoration and home improvements

You can enhance the appearance of your home by painting, decorating, and renovating it. However, it is advisable to avoid decorating newly constructed homes in the first year to allow building materials such as timber and plaster to dry and settle.

Before making any structural changes to your home, it is important to seek permission from your landlord. This includes checking what qualifies as a home improvement and obtaining approval before proceeding with any work. It is worth noting that home improvements

can impact the market value of your property, and section 6, "Buying more shares," covers how this may affect you.

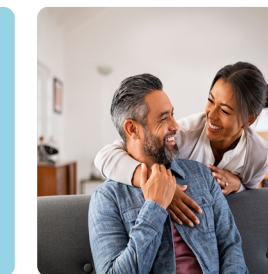
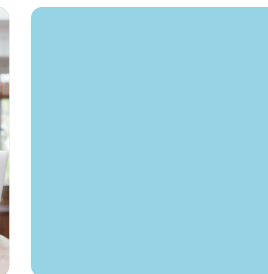
Responsibilities for maintaining the building

If you purchase a newly built home, the cost of structural repairs will be covered by the building warranty for the first 10 to 12 years. You should inquire with the landlord to determine who the provider of the building warranty is.

For flats, the building owner (usually the landlord) will be responsible for arranging external and structural repairs after the initial repair period, and if the reserve fund does not cover the cost, it will be divided among you and other flat owners in the

building. Your lease should be reviewed by your solicitor to confirm what is included. If you buy a Shared Ownership resale home, any remaining period on the building warranty will be transferred to you.

The service charge covers costs outlined in the "Summary of costs" document, but during the initial repair period, it cannot be used by the landlord to cover external and structural repairs. After this period, however, it can be used unless covered by the repairs reserve fund.



Repairs reserve fund

If a reserve fund, also known as a "sinking fund," exists, you are required to contribute to it. This fund is used for major repairs such as roof replacement, and landlords must follow specific guidelines for managing it.

Typically, you cannot retrieve any money you put into the fund if you move out. Additionally, repairs that fall under the landlord's responsibility during the initial repair period will not be covered by the reserve fund. To determine if there is

a reserve fund payment, refer to your "Summary of costs" document.

Initial repair period

For homes that have received funding from the Affordable Homes Programme between 2021 and 2026, there is a period of time called the "initial repair period" that lasts for 10 years from the start of the lease. This only applies if you own less than 100% of the home. If any repairs are covered by a warranty or guarantee, the policyholder

must make a claim through the policy. Any repairs that are the responsibility of the landlord during this initial repair period will not be charged to you through the service charge.

External and structural repairs

In the initial repair period, the landlord is responsible for the cost of essential repairs to:

- the external fabric of the building
- structural repairs to walls, floors, ceiling, and stairs inside the home

You can only request repairs that are not included in the building warranty or any other guarantee. It is necessary to inform the landlord about the repair that needs to be done.

General repairs and maintenance

During the first period of repairs, your landlord will cover costs up to £500 per year for necessary repairs or replacements of certain home installations, including water, gas, and electricity supplies, as well as heating systems. This does not include appliances like ovens or washing machines. The specific amount and duration of this allowance can be found in the “Key information about the home” document. Any repairs or maintenance costs exceeding

this allowance or occurring after the initial repair period will be your responsibility. If you don’t use the full allowance in one year, you can carry over a maximum of one year’s budget to the following year. An example is provided to illustrate how the repairs allowance works in year two and three.

Claiming the repairs allowance

To request the allowance for repairs, get in touch with your landlord. It is the landlord’s responsibility to determine if the repairs are necessary, and they may inspect the

property before making a decision. When you ask for compensation for necessary repairs, the landlord will assess your claim impartially and consistently. If the landlord denies your request, they must:

- tell you why in writing within seven days of receiving your information supporting the claim.
- advise you of your right to dispute the decision.
- set out the complaints handling process.

If your landlord approves of necessary repairs, you must hire a tradesperson or professional approved by either Trustmark or your landlord. The Trustmark website can provide a list of approved individuals. If you sell your home, the repairs allowance will transfer to the new owner unless they purchase a 100% share.



With Shared Ownership the house is yours and you can put your own stamp on it

Buying more shares

You have the option to purchase additional shares in your home, which is commonly referred to as “staircasing”. By doing so, your rent will decrease proportionally. If you need legal guidance during this process, you will be responsible for covering the associated costs.

If you are borrowing money to buy more shares, your mortgage lender will require you to hire a solicitor. The landlord is responsible for paying their own legal fees for any purchase transactions.



Buying shares of 5% or more

You have the option to purchase additional shares of 55% or more, but first you must determine your home’s market value.

This requires a valuation from a registered surveyor with RICS (Royal Institution of Chartered Surveyors), which can be

arranged by either you or the landlord as specified in the “Home valuation” section of the “Summary of costs” document. You can find a registered surveyor on the [RICS website](#).

The landlord may charge an administration fee for each share purchase of 5% or more, as stated in the “Summary of costs” document.

Additionally, you must make sure to obtain your landlord’s permission before making any home improvements.

If you have made improvements, your home valuation must reflect both the current market value and any increase in value due to those improvements.

Buying shares of 1%

You can choose to purchase a 1% share of your home each year for the first 15 years of ownership.

The cost of the share is determined by the original market value, adjusted annually based on the House Price Index (HPI),

which tracks changes in residential property values. The landlord will provide an updated HPI valuation at least once a year and upon request for purchasing a share. You or the landlord can opt for a RICS valuation instead, with the party requesting it paying for the cost.

Any RICS valuation will be used as the basis for future HPI valuations. Unused options to

buy shares can’t be carried over to future years, and the maximum share purchase per year is 1%.

The landlord does not charge an administration fee for purchasing a 1% share, but may charge a fee for larger shares. Shares of 2%, 3%, or 4% cannot be purchased.



Selling your home

You have the freedom to sell your house whenever you want. However, if you don't have full ownership of your house, you need to notify your landlord about your intention to sell your portion. On the other hand, if you own the entire property, you can put it up for sale through a real estate agent or on the open market.

Landlord's first option to buy

If you inform your landlord that you plan to sell your portion of your home, they have the right to purchase it first. The landlord has a specific amount of time, which is outlined in the "Key information about the home" document, to locate a buyer.

In rare cases and if they have the necessary funds, the landlord may offer to buy back your share. If the landlord is unable to find a buyer within the specified period, you may sell your share on the open market through an estate agent. There are some exceptions where the landlord's first option to buy does not apply, such as in the event of a leaseholder's death or if a court order mandates ownership transfer. If you believe these circumstances may apply, consult with your solicitor.



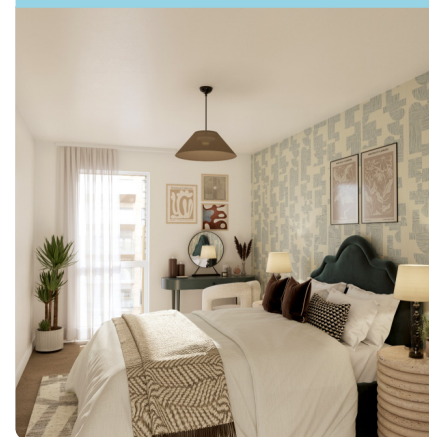
Once you own 100% of your home, the landlord's first option to buy no longer applies.

If the landlord finds a buyer during their first option period, they must pay no more than the current market value of your share based on a RICS valuation.

Selling fees and costs

When you sell your home, the landlord has the right to impose a fee on you, which is mentioned in the 'Summary of costs' document.

It is your responsibility to obtain legal counsel for the sale of your home, and you will be required to pay for your legal expenses.

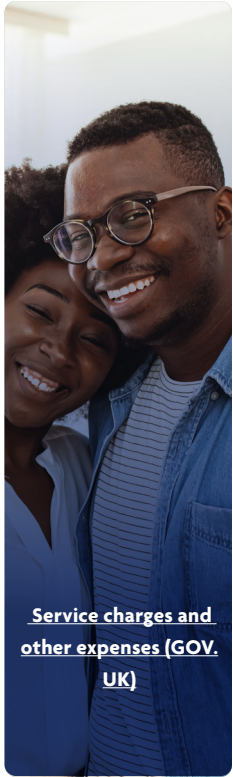


Valuations

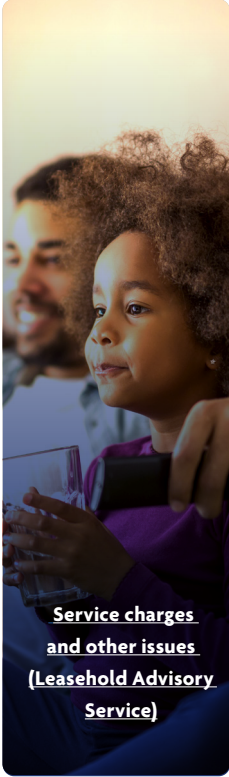
The value at which your house will be sold is determined by an RICS assessment.

To find out who is in charge of organising and covering the expenses of the RICS evaluation, refer to the 'Summary of costs' report.

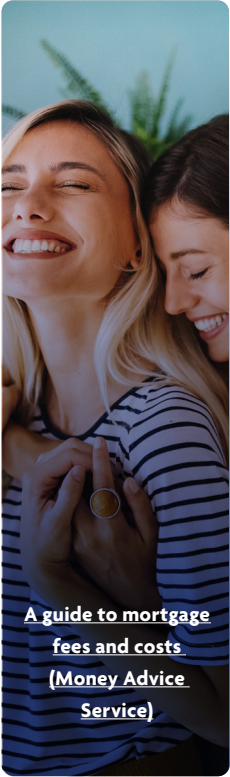
Useful links



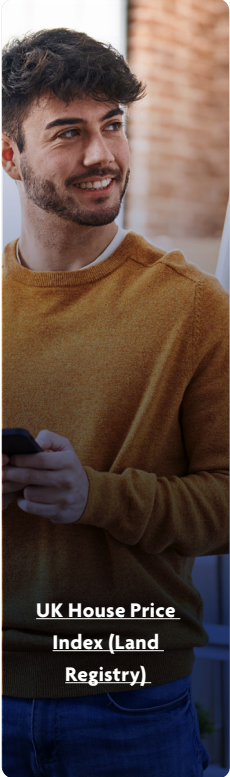
Service charges and other expenses (GOV. UK)



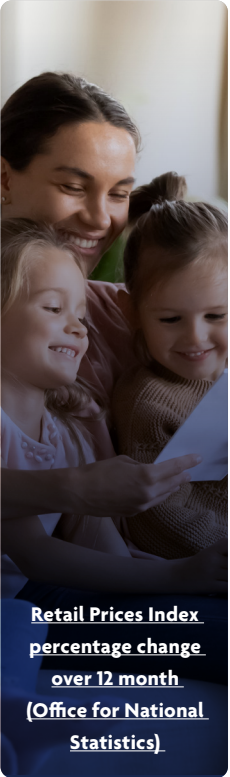
Service charges and other issues (Leasehold Advisory Service)



A guide to mortgage fees and costs (Money Advice Service)



UK House Price Index (Land Registry)



Retail Prices Index percentage change over 12 month (Office for National Statistics)



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Examples and figures provided in this key information document are correct at the time of issue but will change over time in accordance with changes in house prices and the terms of the Shared Ownership lease. Origin Housing is an exempt charity, registered in England & Wales as a registered society under the Co-operative and Community Benefit Societies Act 2014 (Registered No. 10008R) and with the Homes & Communities Agency (Registered No. L0871).
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