



# Tiddy Brook Meadows

## Plymouth Road, Tavistock

NEW CONCEPTS • NEW LIVING

### Some questions our purchasers often ask

## 1. What is shared equity ownership?

Shared equity ownership housing is a scheme which aims to bridge the gap between owner occupation and renting. It gives people who at present cannot afford full home ownership the opportunity of buying a percentage share (an equity share) in their own property and brings with it both the benefits and responsibilities of owner occupation.

Shared equity ownership is also designed to give residents a share in any increase in the value of their home. In the unlikely event of house prices falling, any decrease in value will be limited to the share you hold.

Under this scheme the shared equity owner buys a long lease on a property. Under the lease, you will have the right to live in the property for 999 years and you can assign (sell) your long leasehold at any time you wish to move.

In addition to your mortgage payment you will be required to pay a) a small annual ground rent of £150 which is adjusted and paid annually in line with Retail Price Index inflation rate b) a contribution to cover buildings insurance for your home and c) if necessary, any costs related to management and maintenance of any communal areas.

The remaining equity in the home is retained by ahUK. However, it is very important to note that unlike other shared ownership schemes, there is NO RENT payable on the equity retained by ahUK.

All purchasers have the opportunity to acquire the remaining equity held by ahUK at any time in the future and the cost of this will equate to the equity percentage share acquired, based upon the full open market value at that time.

## 2. Who is shared ownership for?

To qualify for the scheme you must usually satisfy the following:

- Have a strong local connection through birth, family ties, employment or resided in the locality for the last year or for a continuous period of five years at some time in the past.
- Have a total household income which is sufficient to meet monthly mortgage payment and living costs.
- Have a total household income which is insufficient to enable you to purchase your own home in the open market with the aid of a mortgage.
- Be registered on the Housing Register or with Home2Own.

## 3. What about council tax and bills?

Like anyone else in a Local Authority administrative area, you will be obliged to pay your council tax and similarly you will be liable to meet water charges, electricity, gas and telephone rates in the same way as a normal owner occupier.

## 4. Will the costs of the property go up?

If you take a mortgage to buy your home, it is likely the payments over the term will vary as lending Interest rates rise and fall. Apart from this the costs of being an owner of a shared equity ownership property should not increase any more than the usual increases in costs experienced by owners of open market housing. The small ground rent will increase at a nationally recognised inflation rate, the insurance cost is subject to competitive quotations each year and other costs are subject to local market labour and any material costs.

## 5. What about repairs and insurance?

You will purchase the property on a full repairing lease, which means that you will be responsible for all maintenance and repairs necessary to the property, garden, boundaries and associated parking as identified in your lease. This is the same as for any other owner/occupier.

A small charge is payable monthly for maintaining and managing any communal lighting and driveway/parking areas that are not adopted by the Council. ahUK will arrange this service with the management company maintaining communal areas within the development and an annual budget will be prepared along with a suitable statement of costs for the previous year.

The building insurance will be arranged by ahUK and the costs will be charged to the shared equity owner annually, however, it is your responsibility to insure the contents, i.e. furniture, personal belongings etc.

## 6. Can I make improvements or alterations to my home?

You will be obliged to obtain the consent of ahUK in writing before making any alterations to the property or removing any of the fixtures. We will not unreasonably withhold approval for such requests.

## 7. What if I fall behind with my mortgage repayments?

The mortgage contract is between you and your lender and will be the same as any normal mortgage arrangement. If you fall behind with your repayments, the building society after giving due warning may take possession of your house to recover its losses.

## 8. What if I want to move?

You must notify ahUK in writing that you wish to move, and the company will carry out a valuation of your property. ahUK act as the sole selling agent and the Local Authority will be asked to make nominations of prospective purchasers. However, if a suitable purchaser cannot be obtained from a nomination by the Local Authority, ahUK, will consider applicants from its own register or any other suitable sources and may after seeking the owners approval also actively advertise the home (advertising costs may be charged separately).

All arrangements will be made through ahUK for viewing and progressing a sale. Once a sale is agreed, ahUK will confirm the terms agreed. Solicitors will then be instructed by the present owner and new purchaser and matters will proceed as with a normal house sale.

## 9. Do I benefit from any increase in value?

If there has been any rise in the value of your home you will be able to benefit to the extent of the fixed percentage that you own. If there has been a fall in house prices you will also bear the reduction in value limited usually to the extent of the fixed percentage you own.

For example

If the original market value of your property was £80,000 and the original shared ownership price was £40,000, then you would own a 50% share. If you decide to sell you would be entitled to 50% of any change (increase or decrease) in the open market value, less any outstanding mortgage, selling costs etc.

## 10. Are there any other costs involved with moving?

ahUK will charge a fee of 3% of the gross sale valuation of your equity share which is payable on completion of the sale.

## 11. Can I sub-let the property?

No. Under the terms of the lease you are not allowed to sub-let your property.

## 12. Standard specification

In order to keep the purchase price as low as possible, all ahUK (Mid Devon) Ltd. homes exclude carpets, curtains, cooker and white goods. The remaining specification, fixtures and fittings are of a similar quality to the open market homes at Tiddy Brook Meadows.

All homes have the benefit of a fitted kitchen, central heating, double glazed windows and an NHBC warranty.