

# Shared Ownership Explained

Poplar HARCA is an award-winning Housing Association in East London, helping to create a place where people, communities and businesses grow and thrive. We own and manage a portfolio of over 13,000 homes in the Poplar area. For more information about Poplar HARCA please visit our website at [www.poplarharca.co.uk](http://www.poplarharca.co.uk)

## How Shared Ownership will work for you -

Shared Ownership provides an opportunity for you to get a foot onto the ladder and purchase a home of your own. It's a great stepping stone to home ownership and could be suitable for you if you can't afford to buy your own home outright, right now.

**It's affordable** - Shared Ownership works on a part-buy, part-rent basis and together with estimated monthly costs should be affordable to a potential shared owner before they decide to buy. You will need savings to pay mortgage deposits and your legal costs, but these are lower than if you were buying a home outright.

Here are examples of costs which are currently charged by our recommended panel of solicitors and mortgage advisors.

Taylor Rose (solicitors)	£1,978.00 (exclusive of disbursement)
PLS (solicitors)	£1,025.50 (exclusive of disbursement)
Dutton Gregory (solicitors)	£1,120.00 (exclusive of disbursement)
Metro Finance (mortgage advisors)	£495.00 arrangement fee
Censeo Finance (mortgage advisors)	£495.00 arrangement fee

Please note that the fee quote from the Mortgage Advisors is purely based on their brokerage costs and do not include any extra payments which the lender may charge. The Mortgage Advisor must let you know in advance of any additional costs and these can be in the range of £500 to £1000

You will also be responsible for some of Penningtons costs (Penningtons are the solicitors of Poplar HARCA)

£150 + vat engrossment fee  
£100 + vat for notice fee  
£90 + vat for approval of mortgage

**It's chain-free** -Buying a new home means that you won't be affected by other people in a chain. This makes the whole process a lot less stressful and easier to do. Please note that you cannot own another property here or abroad to be eligible to buy shared ownership nor earn more than £90,000 pa either solely or jointly.

**You have peace of mind** - new homes are offered with a **10 to 12 -year** warranty (depending on the structural insurance provider for the development) against faults in materials and workmanship, meaning that you don't have to worry about unexpected repairs. Your new home also benefits from a 1-year defect period from the date of completion of your property.

**We will guide you all the way** - Our dedicated Sales Team is always on hand to help you through the buying process. We are with you every step of the way, from your initial enquiry right the way through to handing over your keys!

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## What is Shared Ownership?

Shared Ownership is a government-backed, part-rent - part-buy scheme. You buy a share of a home that you can afford (between 25% - 75%) and pay a subsidised rent on the share that you don't own. After sales completion you can go on and buy more or all the remaining shares when you can afford to do so; this is known as 'staircasing'. Poplar HARCA offers a range of new and previously owned properties, with shares being offered between 25% and 75%.

The rent you pay on the share you don't own is set generally at 2.75% and is reviewed annually in line with the Retail Price Index (RPI). Depending on what type of property you buy, you will also pay service charges which cover the cost of buildings insurance, communal cleaning and gardening services and upkeep of amenities if available at your development

Service Charge estimates can be provided by Poplar HARCA upon request and should form part of the conveyancing pack your solicitor will receive from Poplar HARCA's solicitors.

On new developments service charges are estimated for the first three years.

We will grant you a long lease which can range from 125 years to 990 years. The Lease term is clearly set out in the Key Information Documents you will be provided with on reservation. The Lease contains conditions including: -

- Your rights and responsibilities as the Leaseholder.
- Poplar HARCA rights and responsibilities as the Landlord.
- How often rent and service charges will be reviewed.
- The processes for buying more shares or selling in the future.

## What is service charge?

As you will be purchasing an apartment under a shared ownership lease you will have a leasehold title and as such will have to pay service charges for the upkeep of the communal areas and amenities (if any) within the estate. Again, this differs from development to development and depends on the title held by Poplar HARCA. Poplar HARCA will happily explain service charges to any prospective purchaser but the service charges provided on sales will be estimated until the development has been up and running. These charges will include, cleaning, lighting, building insurance etc.,

## Viewing and reserving a home -

Our homes are advertised on our own website at [www.poplarharca.co.uk](http://www.poplarharca.co.uk) but you can also find us on **Share to Buy** and **Property Booking**. Some of our developments are sold off plan, so you may be viewing a show home or a marketing suite. In other cases, our properties may be ready to move into so you will be shown round them by one of our Sales Team. Either way, this is the perfect opportunity to ask any questions about the property and the development or the process of Shared Ownership face to face.

When you have had our marketing material comprising brochure and price list, we will ask that you carry out an initial financial assessment with one of our recommended IMA's. This assessment is carried out over the phone or via the IMA portal and should take no more than 10 minutes to

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complete. We ask that you undertake such an initial assessment as we would not want you to view one of our apartments, only to discover later that shared ownership is not viable for you.

Once you have completed a successful initial financial assessment you will be invited to view the apartment accompanied by one of our Sales Team who will run through not only the specifics of the apartment but also the development as a whole and also what amenities will be available to you either at the time of purchasing or when the development as a whole has been completed.

We reserve the right to consider all reservations in line with our Selection & Allocation Policy. This means that factors such as living or working in the borough may be taken into consideration for us to select the applicant with the highest priority for the property. Selection, Allocation and Affordability policies are available on the Poplar HARCA website <https://poplarharca.co.uk>

Should you decide to purchase a Poplar HARCA shared ownership property one of the Sales Team will call you to take your reservation fee of £500.00 and provide an emailed receipt.

You have **14** days (cooling off period) from the date of your offer letter that allows you to cancel your agreement with Poplar HARCA and receive a full refund of your reservation fees.

Once you have reserved your property you will be asked to complete an application and offer reply form with Poplar HARCA. This Application will contain declarations to the effect that you earn less than £90,000 per annum and do not own another property to be eligible to purchase under the Shared Ownership Scheme. Poplar HARCA will also inform your IMA that you have reserved a property for a full financial assessment to be carried out between yourselves and the IMA.

The IMA will ask for documentation in support of your initial assessment e.g.,

- Payslips from the last 3 months (or, if you are paid weekly, 12 weeks' payslips)
- If you are self-employed, your audited accounts for at least the last two years.
- Proof of residency for all addresses you have lived in for the past three years.  
For example, Council Tax documentation, utility bills or bank statements.
- Proof of savings
- Evidence of any children living with you or any adult dependents
- Evidence of any credit card, hire purchase or personal loans that you currently have.
- Evidence of any benefits you may receive (including child benefit)
- Evidence of your rent payment history, if appropriate.
- ID e.g., passport or driving licence
- AML checks will also be undertaken by your IMA

Poplar HARCA give all proposed purchasers a 14-day cooling off period to complete and provide your IMA with all documents in order that full assessment can be achieved.

The IMA is also on hand to give mortgage advice. They search for the best mortgage offers to meet your needs, submit an application for you, and will manage the processing of obtaining the mortgage for you. During the financial assessment, applicants will need to complete a budget planner, listing their regular expenses and essential costs, to ensure they have enough leftover income after paying all bills and essential costs. The remaining income once all expenses have been deducted will be the surplus which must be a minimum 10% of the net monthly income. Whilst the recommended IMA will look to source the best deal for you, once Metro or Censeo Finance have provided Poplar HARCA

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with a full financial assessment you can source your own mortgage or instruct an alternative mortgage broker, but they too will need to present Poplar HARCA with a full financial assessment. Please ensure all documents are fully completed before returning them as this will delay the process.

Please note that it is your responsibility as the purchaser to instruct your Solicitor and Mortgage Advisor and this will not be done by Poplar HARCA on your behalf.

Applicants will not be eligible for a Poplar HARCA property if they have a poor credit history, defined as having:

- Been declared bankrupt within the last 6 years (IVA/brankrupts who have been discharged over three years ago and who have no residual debt may be accepted subject to Individual Assessment).
- Any active Individual Voluntary Credit Agreements in place; or
- An unsatisfied Default or County Court Judgement (CCJ) registered against them (CCJs will be accepted if satisfied more than 3 years ago – proof required).
- Arrears with any tenancy payments within the last 6 months or mortgage repayments; or
- Had their home repossessed in the last 5 years.

We, or an appointed third party, will request proof of ID and address, and will complete an anti-money laundering check on all applicants purchasing a shared ownership home.

We do not accept adverse credit lenders for reasons of poor credit history. The lender should be a high street bank or building society, adverse credit lenders will be considered only on production of a satisfactory credit file from a recognised credit referencing agency such as Equifax, Trans Union or Experian.

### Cash purchases

Applicants may purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings. Acceptable reasons for an application to cash purchase a share will be considered on the grounds of:

- Age
- Religion
- Disability
- Low income

Cash purchase requests will be subject to internal approval. We will need to ensure that the purchase is affordable for the applicant, and that they have the means to afford and sustain Shared Ownership in the longer term, as well as them meeting the normal eligibility requirements for the home that they are purchasing.

If mortgage products are unavailable due to the applicant's poor credit history, the application to purchase a cash share will be refused. We are obliged to ensure the client has a good history of making payments to be confident that rent and service charge will be paid. A credit report will be required for every cash purchase request.

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## What are the costs involved with buying?

You will need savings to cover any mortgage deposits, reservation fees, and solicitor and IMA fees.

You will be required to pay a deposit of 5% (in most cases, the IMA will determine this for you) of the share you are buying when you proceed to exchange of contracts.

You will need to cover the following costs: -

**Reservation Fee:** If your initial financial assessment is successful, we will ask you for a reservation fee of **£500** to reserve your new home. **This is collected when we formally offer you a property and will be deducted from the purchase price at completion.**

**Solicitors/Mortgage Fees:** estimated earlier if this leaflet

**Stamp Duty:** Stamp duty is not payable on your original acquisition or until such time as you achieve 80% ownership. However please check with your solicitor that this information is still current as at the date of your purchase.

**Other Costs:** When you move in, we will ask you to pay your first month's rent and service charges in advance. Your solicitor will collect this as part of the completion process. You will also need to make sure you have savings to cover your moving costs.

## The Offer -

You will receive an **offer letter, application form, Key Information Documents** and an **offer reply form**, which we ask you to complete and return to us as confirmation that you wish to proceed. The offer reply form provides us with important information about your proposed purchase such as your chosen solicitor etc.

You will be provided with a Key Information Sheet and Key Information Documents called KIDS 1, 2 and 3 on the development you have chosen to reserve an apartment at, once received and read through you will be invited to undertake an Interview with a member of the Poplar HARCA Sales Team. This can either be a face-to-face interview at the development, over a Teams Call or via a telephone whichever is more convenient to you. This is our opportunity to discuss with you the concept of Shared Ownership, provide you with any further information about the property you wish to purchase including information about the development, service charges payments and annual rent reviews. This is also your opportunity to discuss with our Sales Team anything you are unsure of, so get those questions ready! After your interview our Sales Team will require you to confirm via an email that you are happy to proceed with the purchase of your new home.

Once we have received confirmation of your financial sign off, application form & reservation reply form, we will then issue a Memorandum of Sale (MOS) which sets out the terms of the sale.

Once we have issued the MOS and instructed our solicitors we will set a **deadline for exchange of contracts** within 30 days. During this time your solicitor will raise their queries (if any) and your mortgage lender will carry out their valuation to ensure they are satisfied that the property is sufficient security for the loan you are applying for. You should receive your mortgage offer within a week of the valuation being carried out. We will update you when this has taken place.

Once you have received your mortgage offer, your solicitor will invite you to sign your Contract, Lease, Report on Title and Mortgage Deed etc and will ask for your deposit so that you can exchange contracts.

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Our Sales Progression Team will keep in regular contact with you throughout the buying process to update, guide and support you to ensure this process is as smooth and straightforward as can be.

### Exchange through to completion and moving in -

We will ask you to exchange contracts within 30 days of your receiving your Memorandum of Sale. If you do not exchange contracts and complete the sale within the terms of the offer letter, we reserve the right to offer the home to another eligible buyer.

Following exchange, you will be emailed the following documents for completion and return prior to completion: -

1. Direct debit for rent
2. Direct debit for service charge
3. Profile form
4. CORE form/CORE privacy Notice
5. Evidence of Home Contents Insurance if you wish to accept Poplar HARCA's 3 months contribution towards the annual premium

If the home you are buying is ready to be occupied when you exchange contracts, you will be given a completion date. If you are buying a home off-plan your solicitor can still exchange contracts, but completion will take place on notice. This means you are ready to complete, but that you may have to wait until your new home is ready. Our Sales Progression Team will keep you fully informed on progress on your new home as we want you to move in as soon as possible.

You can move into your property on your completion date. Just before you complete your solicitor will send you a completion statement. This will show all the costs related to your purchase, including deposits paid and the full amount due to the solicitor.

Our solicitor will give us the news that your purchase has completed. Arrangements can then be made to meet you at your new home to handover your keys and complete a home demonstration.

On your completion day, you will also receive:

- Your Homeowner's Manual
- A handover form which will include gas, electricity and water readings
- Warranties for any white goods gifted to you which become your responsibility from the day of completion

Poplar HARCA Rent and Service Charge Teams will then get you set up within a few weeks of your completion and confirm your accounts are set up, you will also receive your unique reference and account number.

After you have moved in, you need to make sure you contact the utility companies to let them know that you are the new homeowner. You need to also contact your local council to ensure that you are set up for your council tax payments.

If you are currently renting a home, you will need to return the keys to your landlord. Please make sure that you check the terms of your existing agreement to see how to end your tenancy.

Your new home will already be covered by buildings insurance, but this does not cover your contents insurance. Please remember that contents insurance is your responsibility and we recommend

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cover is taken out from exchange of contracts. Please see the link for Thistle.

<https://poplarharca.co.uk/your-home/home-contents-insurance>

Once you have completed your purchase, you will be responsible for the ongoing costs which are explained in this document. You will have all the benefits of a new home and the peace of mind of buying what you can afford now. In the future you can buy further shares in your property. You can also find some useful information in our Welcome Pack that will be given to you upon completion.

### **Your future responsibilities -**

You are responsible for paying your rent, service and other related charges and living costs each month.

We will take care of day-to-day repairs and maintenance of the outside areas and shared areas. Where you have purchased an apartment in a block not owned by us, the Management Company will be responsible for repairs and maintenance. The costs are paid for through the service charge you pay.

If you want to carry out any improvements or alterations to your property, you will need our permission first. Please contact [Homeownershipteam@poplarharca.co.uk](mailto:Homeownershipteam@poplarharca.co.uk) and they will be able to assist you. Depending on the alterations you have in mind, you might also need your mortgage lender's permission. You do not need our permission for simple redecorations and repairs but if you are not sure, please ask us.

All Shared Ownership properties are leasehold, with the term generally being 125-990 years for new homes. Once your lease term approaches 85 years, you should consider extending it. The cost of extending your lease will depend on the unexpired lease term at the time you apply. Your property value will be affected by a short lease term once it is less than 80%. Your solicitor will guide you through the clauses in the Lease, which includes a prohibition on sub-letting, so you fully understand your obligations as a Leaseholder.

Subletting is not permitted without the prior written consent of the Landlord (such consent not to be unreasonably withheld and which shall be deemed withheld in circumstances where Clause 3.19 of the Shared Ownership Lease is not complied with) to assign the whole of the Premises before Final Staircasing has been accomplished.

If you think that you may be getting into difficulty meeting your mortgage payments or monthly charges, please contact us as soon as possible. Please remember that your home is at risk if you do not keep up the repayments on a mortgage or any other loans secured against it.

To find out more about Shared Ownership, contact our Sales & Marketing Team:

**Poplar HARCA**

Sales & Marketing Line: 0207 538 6460

[Sales.enquiries@poplarharca.co.uk](mailto:Sales.enquiries@poplarharca.co.uk)