



Your Guide to New Build HomeBuy and Resales

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What is New Build HomeBuy?

Known by different names over the last 30 years, including shared ownership and part-rent, part-buy, New Build HomeBuy (NBHB) is a government product offered to people in housing need who cannot afford to buy a property outright on the open market.

Put simply, you purchase a proportion of a property at the open market value and pay an affordable rent on the portion you don't own.

Once you purchase your initial share you will become a leaseholder. Gradually you can buy further shares of your home and, in most cases, you may go on to own 100% of the property should you wish.



Who is it aimed at?

Primarily aimed at first-time buyers, *New Build HomeBuy is open to anyone who cannot afford to purchase a home outright on the open market.* Priority is given to local authority and housing association tenants, those on housing waiting lists, key workers and first-time buyers.



Priority is given to:

- Local authority tenants
- Housing association tenants
- Key workers
- First-time buyers

You are entitled to apply for a home that has one bedroom over and above your needs, e.g. a couple with one child may apply for a 3-bedroom home. A single person may apply for a 2-bedroom property. However, you must be able to show that you can financially sustain your home.

Paying rent

If you own 45% of a property you pay rent on a monthly basis on the 65% you don't own.

What types of homes are available?

Properties available for sale through this scheme are mostly new; anything from one-bedroom flats to large family homes with a garden and garage. We also handle the resale of NBHB properties.

How does it work?

Once you find your ideal property you buy a share with a mortgage or personal savings and pay rent on the portion you don't own. Most of our schemes require you purchase a minimum 40% share, however, some schemes may require you purchase more or even less in the first instance. In this initial purchase you can buy a share of up to 75%. The share you buy will depend upon your individual circumstances and we will undertake affordability checks to ensure you don't overstretch your finances, but we'll talk more about this later.

You should aim to purchase as much of the property as you comfortably can. The more you purchase, the less rent you will pay. You will also be required to pay a monthly service charge that incorporates your building's insurance (see page 6).

Why do you pay rent?

Rent is paid on the share of the property you do not own. The rent you pay contributes towards the loan Westward has to cover the cost of building your home.

How is the rent calculated?

You pay rent on the share you don't own in line with your lease. This will initially be set at a figure no higher than 3% of the capital value of the unsold share, and we aim to keep this rent payment as low as possible.

When and how do you pay the rent?

Rent will normally be payable on the first of every month through your bank or building society. You may pay your rent either by standing order or by PayPoint payment card if you prefer.



Rent calculation example

Property value: £100,000

Share purchase: 50%

Share on which rent is charged: 50%

Rent at 3% of unsold equity (£50,000 x 3%): £1,500

Monthly rent (£1,500 divided by 12): £125.00p.c.m.





What is a service charge?

A service charge is payable on most if not all New Build HomeBuy properties. The service charge will have elements that apply to every household, i.e. buildings insurance and management fee. It is also likely to contain other elements (see examples below). A breakdown of all costs will be in your lease or available from the sales and marketing team. The service charge is reviewed every year along with your rent.

Other things that may be included in your service charge:

For flats

- *Communal heating and lighting*
- *Cyclical communal maintenance*
- *Communal carpet replacement*

For houses

- *Communal gardening*
- *Communal play areas*

What does the management fee cover?

The management fee portion of the service charge covers the cost of administration and management of your property, for example, the production of rent statements, arrears management, applications for re-mortgaging and staircasing, etc.

What the lease entitles you to

A New Build HomeBuy lease is basically the same as any normal lease. It contains the following information:

- What repairs and other outgoings you are responsible for
- How the rent and service charge are calculated and when you should make payments
- How further shares in the property can be purchased

Your lease also allows you to:

- Sell your share of the property to someone else
- Transfer ownership, for example, from a joint to a single name
- Remortgage, subject to approval
- Exercise any of those rights which the lease gives you

Even though you have not purchased the property outright, you will have the normal rights and responsibilities of an owner-occupier.



Sub-letting

Under the terms of New Build HomeBuy you are not allowed to sub-let your entire or part of your property. However, certain exceptions may apply.



Remember

When purchasing further shares you will be paying a valuation fee and legal costs, therefore, it is advisable to purchase the largest share you can comfortably afford each time to reduce the amount of times you will need to pay these fees.

Staircasing

Buying further shares in your property is known as staircasing. You can buy more shares in a property at any time after the first 12 months of ownership. You must inform us, in writing, of your wish to purchase further shares so that a valuation of the property can be undertaken, the cost of which must be paid by you.

All future purchases will be in lots of no less than 10% and will be sold to you at the current market value. Some older leases may vary slightly.

When you have staircased to 100%, i.e. bought the whole of your property, the lease agreement will no longer exist and we will transfer the freehold title to you (unless you have bought a flat/apartment).

Some local authorities will restrict the size of the share you may purchase, especially in rural areas; this is so the homes will always be available to local people. We will inform you of the restrictions should you wish to purchase one of these properties.

What are the costs involved in buying a home?

It is important to give careful thought to the costs and responsibilities of buying your own home. We recommend that you have between £2,000 and £4,000 to cover any costs. The initial costs of purchasing a New Build HomeBuy property are:

- *Legal fees*: it is worth asking for an estimate before you engage a legal representative as fees can vary. It is also worth asking if they have experience in working with New Build HomeBuy purchases, the sales and marketing team can provide you with a list of solicitors who have experience in this field.
- *Valuation fee*: this is required by law and will determine the amount you pay for the property. This must be carried out by a member of the Royal Institute of Chartered Surveyors. If you are obtaining a mortgage, your bank or building society will normally organise this.
- *Stamp duty*: this is a form of tax on the transfer of a property. We advise you speak to your solicitor as this may not be relevant to you.
- *Deposit*: if required by your mortgage company.
- *Mortgage indemnity insurance*: if required by your mortgage company.
- *Mortgage arrangement fees*: if required by your mortgage company.
- *Moving costs*.



We recommend you have
£2,000–£4,000 savings.



Note

You should be aware of the effect redecoration or alterations will have on the value of your property if you go on to sell. The cost of the works you carry out may not necessarily increase the value of your property by the same amount.

Rights and responsibilities

When purchasing a New Build HomeBuy property, you are entering into a 'self-repairing lease'. Basically, this means you are responsible for all repairs and redecoration both internally and externally should you own a house.

If your home is a flat/apartment, you will be responsible for all repairs and redecoration internally. The service charge you pay will contribute to all other external and communal repairs and redecoration. We can give you a breakdown of what the service charge covers and will consult you before any major repair or maintenance work is undertaken.

If you wish to make any alterations to your home you must first seek the approval of Westward. Permission will not be unreasonable withheld and you will be required to ensure any necessary Planning and Building Regulations' approvals are obtained.

What is an affordability assessment?

Everybody who applies for a New Build HomeBuy property must undergo an extensive affordability assessment to ensure they can comfortably afford to purchase the property.

When you find the home you wish to purchase, we will send you a letter requesting various items of information.

Once we have received copies of everything required we will then run the calculations as stipulated by the Homes and Communities Agency (HCA): the government department overseeing this product.

Generally, you will need to have an income of more than £15,000 per annum to be able to afford a home. If you are on a lower income contact the sales and marketing team to discuss your options.



Affordability information required:

- *Bank statements*
- *Credit card statements*
- *Employer's letter*
- *Current income*
- *Current expenditure*
- *Key Facts Illustration*
- *Wage slips*
- *Maintenance payments*
- *Loan information*
- *Childcare/pregnancy arrangements*
- *Savings*
- *Child tax credits/benefits*

Ongoing costs

It is important to give careful thought to the costs involved in owning your own home. We will undertake an in-depth affordability assessment, but you must be aware that along with the mortgage, rent and service charges you will also need to make payments for utilities, council tax, telephone connection, repairs and maintenance and contents insurance to name just a few. Here is a list to get you started, but this is not everything and you may find other relevant bills to incorporate.

Some new properties do come with carpeting, however, most don't and you will need to consider how these are also to be paid for.

<i>Bills</i>	<i>Per month</i>	<i>Per quarter</i>
<i>Rent</i>		
<i>Mortgage</i>		
<i>Service charge</i>		
<i>Gas</i>		
<i>Electricity</i>		
<i>Water</i>		
<i>Oil</i>		
<i>Council tax</i>		
<i>Telephone (house)</i>		
<i>Telephone (mobile)</i>		
<i>Contents insurance</i>		
<i>Food</i>		
<i>Credit card</i>		
<i>TOTAL</i>		

How long will the conveyance process take?

Generally, purchasing a New Build HomeBuy property takes anything from six to nine weeks from reservation to completion. Employing a solicitor that understands the concept of New Build HomeBuy is advisable as this could reduce the time spent in conveyancing.

Can you use any solicitor?

The sales and marketing team has a list of solicitors that have experience in New Build HomeBuy and other government schemes should you wish to see it. However, if you have a solicitor in mind to use, then please let us know and we will give them all the information required to make the process as quick and pain-free as possible.

Can you buy with someone else?

Up to four people can become joint owners under this scheme. You will need to speak to your solicitor for advice and guidance.



If your NBHB property comes with any white goods, these are 'gifted' to you and therefore not the responsibility of the Westward Housing Group.



Note

Ask the sales and marketing team for its list of IFAs who have provided an excellent service to other New Build HomeBuy purchasers.

Make sure your IFA is not charging you! This service is free to you.

How do you find the best mortgage?

It is always advisable to speak to an Independent Financial Adviser (IFA). Their services are free under this scheme and they will search the whole market to find the best mortgage to suit your requirements.

There are many different types of mortgage available. Here are some of the more popular ones:

- **Repayment:** each month you will essentially pay back both the interest and the capital to the lender.
- **Fixed rate:** you are guaranteed a rate and therefore your monthly repayments remain constant every month for a set period of time.
- **Variable rate:** this is the lender's standard variable rate, it will be higher than introductory interest rate and your repayments will generally go up and down with base rate changes.
- **Tracker rate:** guaranteed to stay at a certain level above the Bank of England base rate as it moves up or down.

Insuring your home

We insure your home and recover the cost of doing so through your monthly service charge. There is a £100 policy excess. This means you pay the first £100 of any claim you make. You will need to take out your own policy to insure the contents of your home.

Selling your property

You can sell your home at any time. You must inform us, in writing, when you want to move, as we have a period of nomination during which we will try to find a buyer for you. This nomination period is generally 28 days, however, the exact period will be stated in your lease. If we are able to nominate a purchaser in the specified time, we will collect an administration fee of 1% of the current market value for this service, where applicable. Older leases may vary slightly. Should we not be able to nominate a purchaser you are entitled to employ the services of an estate agent, but they too must abide by the terms of your lease. An estate agent will also charge you fees for their services. Once a purchaser has been found, they must fit the relevant criteria as set out, and affordability and housing need will need to be assessed by Westward.



Pets

Once you find a property, you would need to ask the sales and marketing team if you are allowed to keep pets. Permission will not normally be withheld to small domestic pets, i.e. cats, small dogs, rabbits, etc. However, some leases restrict keeping certain animals, so it's best to enquire first.

Mortgage



Rent



Death

Financial difficulties

The mortgage contract is between you and your bank or building society. If you begin to have financial difficulties which mean you cannot pay your mortgage, you should let them know as soon as possible. If you do fall behind on your payments and cannot agree on a solution there is a risk that your lender will take possession of your home and sell it. You would be entitled to your share of the money received after all your debts have been paid.

If you find you have difficulties with paying your rent you must contact Westward as we may be able to give you advice and guidance on how to overcome the situation. Under the terms of the lease you will be obliged to pay the rent and service charge and failure to do so will be a breach of your lease.

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 law of intestacy (dying without making a will). If you hold a joint tenancy, the lease automatically passes to the survivor.

A step-by-step guide

Step 1

Once you have found your ideal home you will need to contact the sales and marketing team on 01803 217580 to express an interest. You will be invited to view the property.

Step 3

You will be invited to Westward's offices or the property. This is where your initial percentage to purchase will be agreed and finances discussed, along with your responsibilities as an owner-occupier and Westward's responsibilities as landlord. You will need to provide your solicitor's name and address and a £200 reservation fee, which will be taken off of the mortgage you pay.

Step 2

We will send you an affordability letter requesting various items of information as described earlier. If successful, you will be invited to interview. If unsuccessful, you will be informed of the reason why. If you are unsuccessful on this occasion this will not jeopardise further expressions of interest.

Step 4

We will instruct our solicitors to commence the conveyance process. You will also receive a formal offer letter laying out your rent and service charge commitment. You will provide mortgage details to us in the form of a mortgage offer from your lender.

A step-by-step guide

Step 5

Our appointed solicitor will send a copy of the lease to your solicitor who will advise you on what it says and approve it on your behalf. Your solicitor will undertake all necessary searches and investigate the title to the property.

Step 7

If purchasing a new property, a member of Westward's staff will call you on the day of completion, when the monies are in our account and agree to meet you at the property to go through the hand-over process. You are given the keys and meter readings are taken.


If purchasing a resale property, arrangements for hand-over of keys will be made directly between the purchasers' and sellers' solicitors.

Step 6

We will be informed by our solicitor of exchange of contracts (this means you sign a contract to buy the property and we sign a contract to sell it). Your solicitor may ask you to pay a deposit at this time. Your solicitor will agree the date that you are going to complete the purchase. This will normally be within 10 days.

Step 8

Your purchase is complete.
Congratulations!
You move in to your new home.

A faint, light green architectural floor plan of a building complex is visible in the background. It shows various rooms, corridors, and structural elements, including what appears to be a staircase and several rectangular rooms of different sizes.

Westward Housing is a non-asset holding parent with exempt charitable status. All properties are owned by and/or managed by the subsidiaries: Tarka Housing and Westcountry Housing. Both Tarka and Westcountry are also registered social landlords with exempt charitable status.



Incorporating Westcountry Housing and Tarka Housing

If you or someone you know would like this document translated into another language, on audio tape, in large print or in Braille, please contact our Communications Manager on 01803 200300.

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Real help now

