



family
mosaic

We can help with
Buying a resale property

www.familymosaicsales.co.uk

Contents

Buying a resale property	3
Why buy through a Shared Ownership scheme?	3
Who are Family Mosaic?	4
When I buy a resale property, what am I buying?	4
I've seen the home I want, what happens next?	5
Reserving your home	5
Your resale financial assessment interview	5
Appointing a solicitor	7
On receipt of your reservation form	8
Allocation of the property	8
After allocation of the property	9
Finally – Completion day arrives	10
After completion	10
The big question – how much will it cost?	11
Monthly costs	12
Service charges	13
The service charge may cover:	13
Utility costs	14
Once you've moved in . . .	15
Re-financing	16

Buying a Resale property

A resale property is a Shared Ownership property that was previously purchased and is now available for sale by the current owner.

Having been sent or downloaded this brochure, you have expressed your interest in buying a resale property from Family Mosaic.

In order to proceed with the purchase you must buy at least the current owner's share in the property, based on affordability calculations set by the Homes & Communities Agency, the Government agency that funds and regulates housing associations.



Why buy through a Shared Ownership scheme?

If you buy through Shared Ownership:

- You will own part of the value of your home, rather than paying rent with no return
- Your monthly mortgage and rent can work out cheaper than buying outright, and often not much more than renting
- You can buy more shares (Staircasing) or sell your share and move if you want to in the future
- You buy the share the current owner owns or more if we feel you can afford it

Who are Family Mosaic?

- Family Mosaic is a housing provider
- We are one of the leading providers of affordable home ownership in London and Essex
- We are a not-for-profit organisation
- We work with local councils and are partly funded by the Homes and Communities Agency (the Government agency that funds and regulates housing associations)

Why buy with Family Mosaic?

- We help hundreds of people buy a home of their own each year, so we have lots of experience
- We work hard to offer a “we can” service to our customers with strong resident involvement in our business
- We are big, but local. Focusing on our customers is our priority
- We work with many national house builders, building high-quality homes in popular areas. All our properties will have had the 10 year National Housing Building Council (NHBC) warranty or equivalent – the remainder of this guarantee would be passed on with the property
- We charge subsidised rents, so our homes are more affordable for you
- We work hard to keep our costs low

When I buy a resale property, what am I buying?

A resale property is a Shared Ownership property that the current owner bought new from us or as a resale. The property is a part buy/part rent scheme. The property would have been partly funded by the government and aims to help first-time buyers. Shared Ownership properties are designed as a stepping stone to completely owning your own home, allowing you to buy as much as you can afford when you can afford it.

Buying a resale property makes you an owner-occupier, not a part tenant. You are buying at least the current owner's share on the existing lease. Your lease is a legal document that proves you own part of your home. Your lease sets out certain conditions such as:

- How often your rent and service charge is reviewed
- The conditions of the lease which must be adhered to
- The conditions regarding selling or buying further shares
- What you should expect from us and
- Your rights and responsibilities as owner-occupier

As you own a lease on your property you will be a ‘leaseholder’ and we’ll be what is known as the ‘landlord’. You will have the same rights and responsibilities as a full owner-occupier.

If you decide to buy the remaining share of your home, you will own your home outright. If you own a house, your solicitor will arrange for you to get the freehold (in most circumstances) like any other house owner. If you own an apartment, you’ll remain a leaseholder like any other apartment owner. This is because if your home is in a block of apartments, your lease sets out responsibilities for use and maintenance to all shared areas.

You will still be responsible for the ground rent and service charge which will include buildings insurance.

You will require a solicitor when buying a property to deal with the legal work associated with your mortgage and home.



I've seen the home I want, what happens next?

You may have already seen a resale property you are interested in on our website, or even visited and met the current owner. You may even have placed a reservation. A member of our Resident Sales Team will be happy to explain anything in this booklet that you may be unsure of. They are here to help you buy your chosen home.

Reserving your home

After viewing the property, please contact our resident sales team at resident.sales@familymosaic.co.uk or telephone the number on the sales particulars.

A member of our team will send you a reservation form which must be fully completed and returned to us by the reservation deadline.

Your resale financial assessment interview

All prospective purchasers of resale properties are subject to a financial assessment interview with one of our panel mortgage advisers. The financial assessment is to establish affordability based on criteria set by the Homes & Communities Agency (HCA). This interview must take place before the reservation deadline as this report and documentation will form part of the selection and allocations process.

You must attend this interview otherwise you will be unable to buy the property.



At the interview the mortgage adviser will:

- Check the information on your application form is correct and decide if you can afford to buy
- Obtain the necessary documents required by family mosaic to satisfy the HCA that we have accurately assessed your application
- Agree the % share that you will be able to purchase based on income, savings and outstanding credit commitments
- Be able to give information about choosing the right mortgage for you

So that we can assess your application as quickly as possible, all applicants must attend the interview and bring the following documents:

- Your payslips for the last three months (even if paid weekly)
- Your latest P60
- If you are self-employed, your audited accounts for the last two years from a certified or chartered accountant, or the last two years tax assessments from the inland revenue. You must also have the name, address and contact number of your accountant
- Your passport and driving licence if possible (photographic ID)
- Last three months bank statements
- A recent rent statement or copy of your rent book

- Proof of residency for all addresses you have lived at in the past three years. This can be in the form of utility bills, council tax documents or bank or credit card statements
- If you have hire purchase or personal loans then please bring along with you the original agreement and current statements
- Proof of savings and a letter from parents if gifted a deposit

If you do not attend the financial interview before the reservation deadline, you will not be included in the allocation and selection process and therefore the home you want may be offered to someone else. You must bring originals and photocopies of the documents above to the interview otherwise the interview will not be able to go ahead.

The mortgage adviser will be able to help you arrange a mortgage, if you want them to. They will help you fill in the mortgage application form and process the application to meet the sales deadlines. If you want to arrange your own mortgage, you should talk to some banks or building societies and make sure that you tell them you are buying a share in a Shared Ownership property.

The maximum share you can buy will be confirmed by the mortgage adviser based on the HCA guidelines and not what a mortgage provider may offer you.

Appointing a solicitor

Everyone who buys a home needs a solicitor to do the necessary legal work.



Your solicitor will:

- Make sure you have everything necessary to help you buy your home quickly
- Check the lease and speak to your mortgage lender and the seller's and Family Mosaic's solicitors (you cannot speak to or contact other parties' solicitors direct)
- Carry out what are known as 'searches', checking the ownership and making sure there are no planned developments (such as new roads) that will affect your home
- Check that all the paperwork and your mortgage are in place in time for you to move into your home
- Deal with registering you on the title after completion
- You should make sure you get a quotation of the likely costs before you appoint a solicitor. The costs will include the solicitor's fee for their work and any expenses (known as disbursements). Remember that you pay for your solicitor's time, so the more you write to or phone your solicitor, the higher the charge is likely to be if you do not use a solicitor with a fixed fee service

To help you decide which solicitor to use, we will send you the details of our panel solicitors with the reservation form, to assist you in selecting a suitable legal adviser.

The solicitors on our panel have fixed fees which will help you budget. All have considerable Shared Ownership lease experience and have worked with, and been recommended by, previous satisfied purchasers. It is not compulsory to use one of these solicitors, and if you have a solicitor of your own you are free to use them.

We would recommend you use a solicitor with experience of Shared Ownership leases, otherwise they may be learning at your expense! Please note: You cannot use the same solicitor as the buyer.

100% of our buyers reported being satisfied or very satisfied with the service provided by the solicitors on our panel.

July 2013 – New build sales resident satisfaction survey

On receipt of your reservation form

When we receive your reservation form and you have completed and returned a full application form, we will allocate the property in line with Family Mosaic's allocation and selection policy. The allocation process will include the results of the financial assessment interview with a mortgage adviser appointed by Family Mosaic. You must also have details of the solicitor you will be using.

Allocation of the property

Once the allocation process has been completed, we write to everyone who applied for the property. If you have been successfully allocated the property, we will request you pay the reservation fee of £250 before we issue you a formal offer letter. We will hold onto the details of all other applicants until the property completes. If the sale fails to complete by the allocated buyer or if they fail to achieve the exchange deadlines, we will cancel their application and approach those who were not allocated the property.

If you are allocated the property the reservation fee paid will be deducted from the rent and service charge payable on completion. We collect these from the date of completion to the end of the month plus one calendar month. Once the property has been allocated to you we will not refund the reservation fee and you will lose your money if:

- You decide not to go ahead, for whatever reason, including if you change your mind
- If you are unable to secure a mortgage at the agreed selling price
- If you fail to achieve the exchange deadlines

or

- We withdraw our offer if we find you have given false or misleading information on your Family Mosaic application form

After allocation of the property

Once we have allocated the property to you, we will issue a Memorandum of Sale (MoS) to all parties involved.

The MoS summarises the details of your proposed purchase and confirms the date by which we want 'exchange of contracts' (this makes your intention to buy your home a legally binding agreement and allows the seller to finalise their move also). You should aim to exchange contracts within four weeks of the MoS being issued. At this stage it may appear like nothing is happening but behind the scenes all parties will be working on the legal paperwork.

You need to act fast and arrange your mortgage either with or without our panel mortgage adviser's help. Once your selected mortgage provider receives your application they will assess your application and hopefully prepare your mortgage offer. Meanwhile, your solicitor will be preparing the legal paperwork.

Early on, a valuer will inspect your new home on behalf of your mortgage lender to make sure it is worth what you are paying for it (it should be, as an independent RICS qualified valuer determined the selling price). Your lender also may be getting references about you from your employer, your bank and your landlord.

If you have not received your mortgage offer within three weeks of the application being submitted you must let your mortgage adviser know so they can chase it up for you.



Once you receive your mortgage offer you should contact your solicitor to arrange an appointment to sign your contract and arrange for a copy of the mortgage offer to be sent to the Resident Sales Team and our solicitors. Once this has been done, your solicitor will prepare to exchange contracts with the seller's solicitor. Exchange of contracts sets the day for completion. You are then legally bound to buy the property and the seller is legally bound to sell – so no-one can change their minds!

Finally – Completion day arrives

On the completion day, your mortgage lender will send your solicitor the money to buy your home. Your solicitor will then pass that money, and any additional money you are adding, on to the relevant parties' solicitors. Once this is done, you can arrange to collect the keys from the seller.

Your keys will normally be ready for you to collect after 1pm depending on when the solicitors confirm they have completed the sale.

On completion day, please ensure you get all the keys and any manuals or instructions for the appliances; Family Mosaic will not have any of these, only the person you bought from will have these. Make sure that you read all the meters and contact the suppliers with your readings so that they can be transferred into your name, as you are responsible for all utility bills.

After completion

Once the sale has completed, your solicitor sends Family Mosaic any monies due to them. This will include your rent and service charge (and in some cases ground rent) from the day of completion to the end of the month plus the following month. This can take up to a week. On receipt, our Finance, Rent Admin and Credit Control teams will set up your account and transfer the payment made to us to your account plus add the £250 reservation fee you paid when you reserved your property. Once this has been done our Credit Control Officers will contact you to set up your direct debit for paying your future rent and service charge payments.

After you move into your home, we have a dedicated Customer Care Line which can answer many enquiries or put you in touch with the relevant departments if needed. They can be contacted on 0300 123 3456.



The big question – how much will it cost?

To buy a property does require a substantial amount of savings. The amount required does depend on the value of the home you are buying but you should consider the following as a minimum.

The reservation fee

This is the £250 you pay to reserve the property. This money goes towards the rent and service charge due at completion.

The mortgage valuation fee

Your mortgage lender will arrange a valuation of your home for mortgage purpose, to check the property is worth the price you are paying as mortgage security. These costs vary from lender to lender but range from free valuation (occasionally) but more often £300 - £450.

Mortgage arrangement fees

For fixed-rate mortgages and some other mortgage products the lender will charge an 'arrangement' or 'application fee'. These again vary depending on the lender but you should allow £400 - £600. Generally, the longer the interest rate is fixed for, the higher the fee. Your mortgage adviser would be able to advise you on these when considering mortgages. These fees are not usually returnable, so if you pull out later or don't complete by the product deadline, you may lose this money. Your lender will tell you when to pay this (sometimes this may be added to the loan – again this depends on the lender).

Mortgage adviser's fees

Many mortgage advisers charge for their service. This fee can range from £350 upwards.

Solicitors fees

These should usually be in the region of £600 - £1000 including Land Registry fees, local search fees and other expenses (known as disbursements) but excluding Stamp Duty (SDLT). You usually pay a deposit and the remainder is paid at completion of the purchase.

Stamp Duty Land Tax (SDLT)

This is a government tax on buying a home. Your solicitor will be best placed to advise you on this as the fee depends on the value of the property. Alternatively, take a look at the HM Revenue & Customs website: www.hmrc.gov.uk/sdlt.

Advance rent and service charge

On completion, Family Mosaic require this to be paid from the date of completion to the end of the month plus one full calendar month. This payment will be less the initial £250 reservation fee you paid.

Removal cost

Hopefully, family and friends can help. If you are going to use a removal company make sure you get a number of quotes as costs can vary enormously. You usually pay this on the day you move.

All prices are approximate, this is a guide and buyers should look into their own costs.

Monthly Costs

Your mortgage

Each month you'll make your payment to your lender, usually by direct debit. The mortgage payment is between you and your mortgage lender, but as we own part of your home, we want to make sure our investment is protected just as much as you do.

What happens if I am unable to pay my mortgage?

If you fall behind with your mortgage payments, or you think it could happen, ask for help from your mortgage lender. Many lenders offer payment solutions. If you do not get help, or your financial problems continue and you get into debt, the mortgage lender can repossess your home.

If this happens you may lose all the money you put into your home as arrears, legal expenses and selling costs are taken by the lender. Also, if the money from selling your home doesn't cover the amount owed to the mortgage lender, you will be responsible for paying the difference. Losing your home in this way could also mean that you'll have trouble getting a mortgage or credit in the future.

The most important thing is to let us and your mortgage lender know as soon as possible. We'll do everything we can to help you sort your problems out, including putting you in touch with an independent qualified debt counsellor.

Your rent and service charge

You will pay your rent and service charge to us monthly by direct debit. This makes paying simple and convenient for everyone as payments are taken direct from your bank account. Your rent is reviewed on the 1st of April each year in accordance with the terms of your lease. The service charge is also reviewed at the same time and will change in accordance with the expenses incurred for the development. Our rent and service charge team will advise you of any changes by March each year.

What happens if I am unable to pay my rent and service charge?

Family Mosaic receives some government grant funding for building new properties, however, this is being reduced. Our main income is from the receipt of rent and service charge from our residents to cover building new properties and repairing existing ones. Obviously we have to borrow money to do this and your monthly rent goes towards repaying these loans, so it is very important that you pay your rent on time. If you miss a payment our credit control team will contact you. If you continue to not pay your rent, you may have to pay administration costs and eventually we may take you to court; in certain circumstances you could lose your home.

If you have difficulties paying your rent and service charge, you should get in touch with our credit control team as soon as possible. If you are in genuine financial difficulty, they will do everything they can to help you. They can often arrange payment plans, put you in touch with your local benefit agency, speak with your mortgage lender and put you in contact with a free independent qualified debt counsellor.



Service charges

Service charges usually only apply to apartments, though there can sometimes be a small service charge for houses if there are shared areas such as car parks or gardens.

For more details on our service charge please refer to the 'We can explain our service charges' brochure which is available to download on our website.

The service charge may cover:

- The cost of all day to day and future repairs and maintenance to the outside of the building and all shared areas. This could include the roof, communal TV aerial, entry phones, lifts – anything that is used by everyone in the apartment block
- The cost of cleaning and gardening in shared areas (known as estate charges)
- The cost of lighting and security of shared areas

Buildings insurance

Where Family Mosaic are the freeholder, we need to make sure that the building is adequately insured. We have a block policy which covers all our properties. As we require insurance on many properties, the premium payable is reduced and we can pass the savings on to you. Where Family Mosaic do not hold the freehold, we may collect the buildings insurance premium on behalf of the freeholder or, in most cases, the freeholder bills you separately.

Please note we do not insure the contents of your home.

Reserve fund

Some of the money we collect through the service charge is put into a 'repairs reserve fund' or reserve fund (sometimes called sinking fund).

The fund is kept in a separate bank account (which earns interest) and covers the cost of major repairs in the future, such as replacing the roof, redecorating shared hallways, etc. Paying for repair costs monthly is a good idea so that you'll never have to find a large amount of money all at once to pay for any major repairs in the future. It will also help you later on if you decide to sell your home, because the new buyer will know that the money is available to cover any major repairs. Each year you will receive a statement of this fund.

Management charge

This charge helps cover the leasehold services. Some of the services covered by this charge are:

- Rent and service charge collection
- Defect reporting
- Property management – repair and cleaning contracts
- Anti-social behaviour support
- Property redecoration programme – apartments only

We only charge you for what we have to pay out on services. We do not make a profit.

We'll send you an estimate of what we will spend in the following financial year by March each year. The service charges are checked by independent, professional auditors and we will give you a statement of the audited accounts each year showing what we have spent.

Utility costs

As the leaseholder of the property you will be responsible for the payment of all household bills, including gas, water, electricity, council tax and all other household costs. It is very important that you read the meters and provide your details to the utility companies as soon as possible to prevent any large bills.

Once you've moved in . . .

Repairs and maintenance – who does them?

If you own a house, you are responsible for all repairs and maintenance to the inside and outside of your home. If you own an apartment, you are responsible for maintaining the inside of your property. We'll take care of day to day repairs, maintenance and decoration to the outside of the apartments and any shared areas. This is paid for through your service charge.



What about repairs just after you move in?

If you own a house you would be responsible for these. If you bought a flat you would be responsible for any internal repairs including the repair to any white goods i.e. oven, hob, washer, etc., and Family Mosaic or the freeholder responsible for the external and communal areas.

Your home may be covered by the remainder of the National House Builders Council (NHBC) warranty or the equivalent. This covered your home for defects in the building workmanship for the first two years after construction completion and for structural problems for ten years, or in some cases twelve years.

Alterations and improvements

You don't need our permission for redecorating, but you will do for any major home improvements. Home improvements must be approved by our Asset Management team. Home improvements fall into two main categories, both of which will require you to complete a 'right to improve' form:

Minor Home Improvements: Wood flooring, changing kitchens/bathrooms, etc. – you will need to complete the application form and submit with a 'right to improve' fee and estimates/invoices for consideration. We will refer to the covenants within the lease.

Major Home Improvements: Conservatory or extension, removing walls, etc. – you will need to complete the application form and submit with a 'right to improve' fee, estimates, architect plans, planning consent and building regulations approval for consideration.

Please note: Not all home improvements will increase the value of your home.

For more information call 0300 123 3456.

Re-financing

Remortgage or further advance

In the future your financial situation may change, and as a result most people regularly review their finances with the help and support of a mortgage adviser or mortgage provider. As we have a financial interest in your home it is very important that we are aware of, and agree to, any changes to your lender or any increase in borrowing.

For more information call 0300 123 3456.

Increasing your share

Buying more of your property is known as 'staircasing'. We recommend you consult your lease and seek legal advice. The price you pay for any extra share is based on the market value of your home at the time you want to buy. This value can go up or down according to the current housing market. The value will be set by an independent RICS qualified valuer. There will be some costs involved in staircasing, such as valuation fee and solicitor's fees, although it shouldn't cost as much as buying your property initially.

For more information on this take a look at our 'We can help with staircasing' brochure which is available to download from our website or call 0300 123 3456.

Selling your home

You can sell your home at any time. If you own a share of your property, under the terms of your lease Family Mosaic has eight weeks to find a buyer for your home. This helps you as it saves you the expense of going to an estate agent to find a buyer who meets the requirements for an affordable home. We charge a small fee for this service which will be cheaper than using an estate agent. After the initial eight weeks of marketing, in the unlikely event that we have not found a buyer, you may sell your home through an estate agent, paying their fees. The buyer must meet the affordable home requirements set by the Homes & Communities Agency and be approved by Family Mosaic.

Just like staircasing, the price you sell your home for will be based on the current market value at the time of selling. The value will be set by an independent RICS qualified valuer. Like any home, the value can rise and fall along with the housing market.

For more information call 0300 123 3456.

For further information please contact:

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