

**LANARKSHIRE HOUSING
ASSOCIATION LTD**

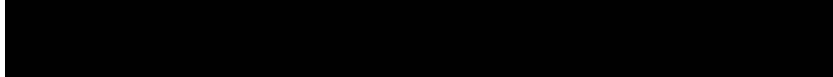


S H A R E D O W N E R S H I P



H A N D B O O K

**The information contained within this booklet is for guidance only and
does not constitute any part of a contract.**



Shared ownership is a form of low cost home ownership which enables you to buy a house in stages, if you cannot afford to buy a property outright. A discounted occupancy charge is paid on the remaining share that you do not buy.

Normally, a 25% or 50% share is initially purchased and then, subsequently you have the opportunity to purchase additional 25% shares after a one year period has elapsed from the original purchase. In this way, shared ownership allows an increase in ownership, over a period of time, until outright ownership is attained, if desired. This process is referred to as “**staircasing**”. Each staircasing step will automatically reduce the amount of occupancy charge proportionately.

This payment of part mortgage and part rent is generally significantly lower than paying a 100% mortgage.

It should be noted, however, that Lanarkshire Housing Association would not be your landlord as you are a shared owner.



WHO CAN APPLY?

The scheme is aimed at people in housing need who aspire towards home ownership but are not in a position to afford a full mortgage. Priority will be given to people in housing need, but anyone is entitled to register an interest in this form of tenure by completing an application form.

You must, however, be able to afford to purchase the appropriate mortgage finance and you will be required to complete a questionnaire and consent to references from your landlord/ employer/bank.

WHAT WILL IT COST?

You will be responsible for meeting the following principal costs: -

1.

OCCUPANCY CHARGE

Payable monthly in advance to Lanarkshire Housing Association Ltd. The occupancy charge is calculated pro-rate on the normal charge but is discounted by 15%, since you will be fully responsible for repairs. Currently, the rent on a two bedroom terraced house is **£101.56** (assuming a 50% ownership and rent valid until April 2005). The rental payment should be made to the Association by Standing Order through your bank account.

2.

MORTGAGE

Payable to the private lender, usually a building society or bank, which advances the loan for the purchase of your share of the property. This will vary accordingly to the current rates of interest charged.

Additionally, you will have to pay a few other subsidiary costs, as follows: -

3.

DEPOSIT

A non-returnable deposit of £100, which will be deductible from the purchase price on completion of the sale transaction (this applies to '**new build**' properties and not resales).

4.

BANK/

You will be responsible for the cost of the valuation report and survey fee connected to the house purchase.

5.

LEGAL FEES & DISBURSEMENTS

You will require to meet these costs in relation to the purchase of your share of the property.

6.

STAMP DUTY

Stamp duty of 1% of the price may apply (check with your solicitor).

7.

FACTORING CHARGES & INSURANCE

Building insurance is paid for by the Association as long as you remain a sharing owner and pay an occupancy charge. Additionally, the Association will provide a factoring service for common repairs and maintenance at a competitive price. Property Management Charges are entirely separate from the occupancy charge and these are the required cost of providing and maintaining services for tenants and shared owners, beyond the benefit of enjoying the occupation of the house. The Association implements service charges where the cost of providing this service is not covered in the occupancy charge.

The Association aims to ensure that all property management services supplied represent value for money and will be based on a high standard. Where appropriate, contracts will be awarded in accordance with the Association's Maintenance Policy and Procedures.

The under noted provisions are standard property services provided by the Association;

- Estate Caretaker Services
- Electricity Charges (common lighting, TV aerial)
- Ground Maintenance Costs
- Close Cleaning Service

The property management fee at January 2004 was £60 per annum.

8.

REPAIRS

As a shared owner you will be responsible for the maintenance and repair of the property. In the first year from completion, however, any defects will be the liability of the building contractor. Your property will also be covered by the standard **10 year N.H.B.C. Warranty** (check your pack for the cover on structural faults that this provides).

9.

COUNCIL TAX

You will additionally be solely liable for any local government property/personal taxation levied, as this is **NOT** collected as part of the rent.

* **NOTE**

prior to carrying out any alterations or improvements to the property you are required to obtain the **Association's permission** as per the terms of your **Occupancy Agreement**.

WHAT HAPPENS IF I FAIL TO MEET MY OCCUPANCY CHARGE/MORTGAGE PAYMENT?

If you have any difficulty in meeting either payment it is in your interest to contact the Association immediately. The Association can offer strictly confidential advice and help make you aware of your options.

You should also advise your lender of any financial difficulties at an early stage. If your house is repossessed you will be entitled to any surplus from the sale proceeds once your debts have been cleared.

CAN I SELL THE PROPERTY?

You can sell at any time as long as you let the Association know of your intention to do so. You can sell either the share you own or buy further shares, up to 100%, and sell the property outright.

If you decide to sell your share you can either;

1. Proceed with a nomination resale where the Association will nominate an applicant from our waiting lists.

OR

2. Opt for an open market sale.

“STAIRCASING” EXPLAINED

You will enter into an occupancy agreement with the Association which defines mutual obligations and the opportunities for you to “*staircase up*”, which means purchase additional shares.

Shares or tranches can only be purchased at 25%, 50% or 75% until 100% ownership is reached. You are not obliged to purchase additional share but this section is a step by step guide for those wishing to exercise this option:

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1.

Initial purchase at 25%, 50% or 75%.

Once a year has elapsed from the initial purchase date you may staircase up by 25% (or multiples of it).

2.

Notify the Association in writing stating the level up to which you are interested in staircasing. The Association will then instruct a property valuation and you are required to meet the cost of this valuation in advance.

3.

The Association will acknowledge this request within 14 days of receiving your payment and instruct a market valuation.

4.

On notification of the value the shared owner can proceed to purchase an additional tranche. The Association will liaise with your solicitor over the details of the transaction and the sum paid will depend on the property valuation and size of the additional tranche purchased.

5.

Once the transaction is concluded the occupancy charge will be recalculated on the basis of the new share.

DISPUTE RESOLUTION

The method of dispute resolution will of course depend on the nature of the problem. Many disputes are dealt with through the Association's own complaint's procedure backed up by recourse to the Scottish Public Services Ombudsman. Matters regarding factoring can proceed to arbitration, whereas problems related to the Deed of Conditions and Occupancy Agreement may require recourse to a solicitor.

You should be aware, however, that you do have rights to take forward a grievance.

Further information can be obtained by contacting the Association.

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It should be noted that this leaflet can be made available
in an alternative format to suit non-English speakers
and visually impaired persons.