



A guide to buying a resale property

Introduction

When the leaseholder of a shared ownership home decides to sell their share of the property, this is known as a resale.

Resale properties which were originally sold under New Build Homebuy (Shared Ownership) is an affordable home ownership scheme and therefore any potential purchaser must meet the affordability assessment set by the Home and Communities Agency. PCH will undertake an assessment of affordability.

What are the requirements for buying a shared ownership property?

Before you can purchase a shared ownership property you must be accepted onto the affordable homeownership scheme by the local Homebuy agent, Help to Buy South West. You can make an application online at: www.helptobuysw.gov.uk. Help to Buy South West will consider your current housing situation, your household composition and your financial status before accepting you onto the scheme.

You must be able to afford to buy the share that is being sold. You can purchase the share outright as a cash buyer, or by securing a mortgage. You must also be able to afford the rent which is payable on the share still owned by Plymouth Community Homes. You will need to have a deposit in place for the mortgage and savings towards legal fees, a reservation fee and costs for moving house.

You will need to appoint a solicitor to act on your behalf for buying the property. The seller will also appoint a solicitor and once you have officially reserved the property, the solicitors will manage all legal matters with regards to the conveyancing process.

What are the costs involved in buying a resale property?

There are a number of costs involved with buying a resale property. You should ensure that you can meet these costs before making an offer to purchase the property.

Transaction	Cost
Reservation fee Fee payable to Plymouth Community Homes to secure the property	£500
Legal expenses Solicitors fees for buying the property and mortgage arrangement fees	Refer to your appointed solicitor & mortgage lender
Deposit You will need a deposit to the value of 5%, 10%, 15% or 20% of share you are buying.	Deposit % dependant on the share being purchased
Deed of Covenant Fee payable to the PCH solicitor – who	£95 + VAT

ensures The Deed is entered into the overall estate Covenant.	
Mortgage approval and / or Notice of assignment of the Lease Both fees are payable to the PCH solicitor who ensures the buyers mortgage is approved and that the lease is assigned to the new owner.	If both are required the total is £90 + VAT If only one is required the total is £50 + VAT

How do I proceed with buying a resale property?

Viewing

Once you have seen a property advertised that you would like to view, contact the SO Living sales team who will provide you with details of the existing leaseholder who will carry out a viewing at the property with you.

Funding the purchase

Before proceeding you will need to have sufficient funds to purchase the share being sold. If you are securing a mortgage, contact an independent financial advisor or mortgage broker to ensure that you can obtain a shared ownership mortgage.

Affordability assessment

Once an offer has been accepted by the leaseholder, you will be asked to provide documents to the SO Living sales team who will assess your overall affordability for the property you are purchasing. The assessment will also look at your affordability for the rent and service charges that you will need to pay on the on the share retained by Plymouth Community Homes and if applicable the mortgage on the share you are going to purchase. In order for us to carry out this assessment you will need to provide a mortgage in principle, or documents showing that you have the money to purchase the share that is being sold.

Purchasing a higher share

If the affordability assessment shows that you are able to purchase a higher share than that being sold by the existing leaseholder, you should maximise your share and purchase both the share being sold by the leaseholder, and an additional share from Plymouth Community Homes. The percentage share that you can afford will be determined by the Homes & Communities affordability calculator. If you purchase a higher share, the purchase can be carried out in one transaction.

Offer

Plymouth Community Homes will send you a formal offer to purchase the property. You should complete and return the offer documents showing details of your chosen solicitor and contact Plymouth Community Homes on the number provided to pay your £500 reservation fee.

Instruct solicitor

You and your buyer will need to instruct solicitors to carry out the conveyancing process. Plymouth Community Homes will instruct its solicitor to arrange for the lease to be transferred into your name.

Completion

A convenient completion day will be arranged between the acting solicitors. On the day of completion, Plymouth Community Homes will collect keys from the existing leaseholder and arrange to hand them over to you at the property.

Your Direct Debit and new rent account will be set up by Plymouth Community Homes' finance team. Your reservation fee of £500 will be added to your rent account and you will receive a letter providing details of when your rent payments will start, along with contact numbers for the leasehold team and the housing officer who manages the estate.



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