

HANDY FACTS



Key Facts



The home you are purchasing is sold as leasehold as there is a Shared Ownership Lease and more than one party (purchaser and heylo housing RP) involved in process



Homes England

Home Reach uses a Government standard lease, details can be found at - <https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>



heylo housing RP will be your landlord and will collect the monthly rent and lease management fee



On completion you will need to pay for the remainder of the current month and following month's rent and lease management fee



You can sell your property at any time (you can sell your share or 100%, subject to any nominations period in your lease)



Rent is reviewed annually in April and increases by RPI + 0.5%



Building insurance is provided under the lease, you will pay the rest of the premium due for the policy year when you complete (unless included within your service charge)



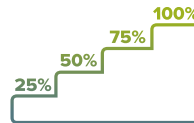
Monthly rent and lease management fee is paid via direct debit



The lease is 125 years for freehold properties, apartments can differ please speak to your Solicitor for more information



The unsold share is owned by heylo housing group



You can buy more shares at any time (this is known as staircasing)



Rent on the unsold share is initially charged at 2.75%*

**please note, some Section 106 properties rent may differ*



Lease management fee is reviewed every April and increases by RPI



Monthly lease management fee is currently charged at £19.69



On completion you will enter into a Deed of Covenant or will have given notice to the management company, this direct agreement will allow you to pay any service or estate charges directly to the housebuilder (or managing agent).

Costs associated with Home Reach



Rent - You will need to pay rent on the share you don't purchase, this is collected monthly via direct debit. Rent is charged at 2.75% (on the share you don't purchase) and increases annually by RPI + 0.5%. On completion, you will pay the rest of the completion month and following month.



Reservation Fee – You will need to pay a Reservation fee to secure your Home Reach home. Please speak to the sales team at the development for more information on the Reservation fee and when it will be payable.



Lease Management Fee – We charge a monthly fee for managing your lease, this is paid via direct debit and is currently £19.69 per month. This is reviewed annually and increases by RPI. On completion, you will pay the rest of the completion month and following month.



Building Insurance – As the landlord, heylo insures the building and collects this cost monthly, your solicitor will be able to advise on the exact cost. Our building insurance covers the whole of the property, so you won't need an additional policy for your share. On completion you will need to pay for building insurance until October. If you are purchasing an apartment with buildings insurance already included in your service charge – heylo will not charge additional insurance.



Service Charge or Estate Management Fee – You will need to pay the housebuilder (or Managing agent) directly for any estate or service charge fees associated with your home. Please speak to the sales team at the development for more information.

On completion you will enter into a Deed of Covenant or Notice to the Management company, this direct agreement will allow you to pay any service or estate charges directly to the housebuilder (or Managing agent). Your solicitor will also need to service notice on the management company confirming the buyer's details, following completion.

If there is an opportunity to join a management company which is made up of the owners at the development, that opportunity will also be given to you, your solicitor will be able to advise you further.



Legal Fees – You will need to pay your standard legal fees agreed with your Solicitor, there will also be engrossment fees due and you will be required to cover the cost of your searches, your Solicitors will advise you of these costs.



Content Insurance – Don't forget, heylo insures the building but you will have to set up your own contents insurance.



Mortgage Broker Fee - Please refer to your broker for more information.

Glossary of Terms

A

Additional Enquiries – These are enquiries raised by your (the purchaser's) solicitors once the contract and leases have been received.

Administration Fee (also known as Admin Fee or Monthly Lease Management Fee) – This is the monthly fee paid to heylo to cover overhead costs.

Agreement in Principle (AIP) – The initial document provided by your lender (mortgage provider). This outlines the amount that you will be lent and the repayment plan. This is not a guarantee of a mortgage.

Annual Percentage Rate (APR) – This is the interest rate that would be paid over a year. This will take into account not only your loan but also any additional charges.

Arrears – This describes payments that are made late / not on time.

B

Base Rate – This is the interest rate set by the Bank of England. Lenders use this to set their own charges.

Broker – Is someone who advises you on a mortgage.

Building Insurance – This will cover the cost of repairing damage your property. heylo will procure this for you.

Building Survey – This is a survey carried out by a credited, qualified surveyor to find any structural problems with a property.

C

Caveat Emptor – This is the principle that when purchasing a property it is at the buyers risk and they should raise all enquiries necessary and carry out due diligence.

Chain – This is when you are purchasing a property and there is another party involved either purchasing your home or the person selling to you has another transaction also. All transactions rely on each other and none can exchange or complete without the others doing the same.

Chancel Repair Liability – This is a legal obligation to pay for repairs to the chancel of a parish church. This only applies to a few homeowners in England and Wales.

Collateral – This is something that is used as a guarantee against a loan. When you have a mortgage, your home will be the collateral.

Completion – The finalisation of a sale. You are now the legal owner of your home. On this day keys will be passed over and you are legally the owner.

Contents Insurance – This is the insurance that pays for damage to, or loss of a leaseholders personal possessions within the home. This is the responsibility of the leaseholder to procure.

Contract / Agreement – This is a legal document which lists the terms of the purchase. This is agreed between the seller and purchaser.

Contract Papers – These are provided by the sellers' solicitors to the purchasers' solicitors. Included in the contract, Legal Title, Lease, property information. This is required before additional enquiries are made.

Conveyancer – This is a legal professional who will act for a buyer or seller in the transaction process.

Conveyancing – The legal process of transferring the ownership of a property (buying / selling).

D

Deed of Covenant – Is a direct written agreement between the buyer and the management company. It's needed so that those two have a direct relationship with one another.

Deposit – This is the sum paid at the point of exchange (through conveyancers). This is usually 5%.

Disbursements – These are additional charges that are paid during the transaction process, such as Stamp Duty and Land Registry charges.

Drainage Search – This search is carried out by the Water Authority or equivalent agent in order to establish water, sewage and drainage connections.

E

Early Repayment Charge – You will be charged if you move mortgage providers or pay off your loan earlier than expected.

HOME REACH

Easements / Rights – The legal right to cross or otherwise use someone else's land for a specified purpose. For example common use of a footpath.

Eligibility – You must be eligible to purchase a part buy – part rent home. The criteria can be found in our FAQs.

Environmental Search – This is a search carried out to determine if there is any risk of contamination, flooding or other environmental considerations that could affect the property.

Estate Fee – This is a fee paid by some residents. This is charged by the management company for maintaining the grounds.

Equity – The difference between the value of your property and your mortgage.

Exchange of Contracts – This is when contracts are exchanged with the seller. Both sides are now legally bound to complete a transaction and a completion date is set.

F

Freehold – This is when you own a property and the land it's on.

Freeholder – The owner of a freehold property.

G

Gazumping – This is when an offer is accepted by a seller and later rejected and a higher amount has been offered by someone else.

Gifted Deposit – When someone contributes a sum of money to assist in purchasing a home.

Ground Rent – This is payable under the terms of a lease in a leasehold property. This is an annual fee due as rent for the land.

Guarantor – A person that guarantees you are able to pay your mortgage payments. This is only required in specific cases.

H

Homes England Affordability Calculator – This is the calculator used to confirm if your share is affordable for the leaseholder. It will also show if a leaseholder can purchase a property without assistance.

Help to Buy Agent – These are allocated by Homes

England and a point of contact to assist purchasers in finding affordable homes in their area.

Help to Buy Approval – You will need to apply to your local Help to Buy agent and they will assess your initial eligibility for the scheme. Without this approval you will be unable to reserve.

Higher Lending Charge – As a lender is at risk if they offer you a larger mortgage, they often charge an extra fee.

IFA or IMA – An Independent Financial Advisor (IFA) or Independent Mortgage Advisor (IMA) is able to offer unbiased financial advice.

Indemnity Insurance – If there is a legal defect with the property it may be possible to arrange this to insure the defect to protect you from any loss if damage occurs.

L

Landlord – Heylo housing Registered Provider. If Heylo housing does not own the freehold you may be due to pay ground rent to the landlord of the ground.

Land Registry – The government organisation that registers the ownership of land in England and Wales.

Land Registry Fees - You have to pay a fee in order to register your ownership of a property.

Lease – This is a contract between Heylo housing registered provider and the shared owner. This details everything that is due / allowed during your term.

Leasehold – Is a tenure of property that means either a property or some land is rented over a defined period of time.

Leaseholder – This is you, the purchaser. You will be a leaseholder for the term you have a lease with the freeholder.

Legal Title – This is the evidence of legal ownership of assets or land.

Local Authority Search – This search is carried out with your local council. It will reveal certain information such as whether the road will be maintained at public expense and so on.

Local Connection – Some Local Authorities may stipulate that you require a local connection. This is rare but can happen. Meaning you would need to live / work or have close family living in a specific area.

HOME REACH

LTV – Loan to Value – This is the ratio between the amount of your mortgage and your share value.

Lump-Sum Reduction – You are able to pay slightly more than what is due each month to your lender. This will reduce your mortgage quicker.

M

Management Company – The management company deal with the management of the estate / development.

Memorandum of Sale (MOS) – A Memorandum of Sale is a document recording the prospective buyer's interest in purchasing the property and the seller's terms of the sale. It relates to the 'sale agreed' step when purchasing a property. While it's not a legally binding contract, it acts as written confirmation that a price has been agreed and declares the intention of both parties to complete the sale.

Mortgage Deed – The document signed by the purchaser. It is registered at Land Registry and legally commits the purchaser to complete all repayments due.

N

Nominations Period – A set period of time in which the property is marketed and buyers can be prioritised by the Registered Provider before the property can be put onto the open market.

Notice to the Management Company – Is a letter to the management company letting them know that the buyer has moved in, and giving the buyer's details, so that the management company can contact the buyer direct.

P

Purchaser – The person / persons who buy a property.

R

Redemption – This is when your mortgage is paid off in full.

Repayments – This is the amount to be paid back to your lender when you take out a mortgage.

Report on Title – This is prepared by conveyancers and given to the purchaser. It explains the Legal Title aspects of their purchase.

Reservation Fee – This is a fee paid to the housebuilder or heylo at the beginning of the transaction to secure your home.

Reservation Form – Completed by the seller and provided to the purchaser which includes relevant information of the property.

Restrictive Covenant – This is an obligation or a restriction on a property.

Retail Price Index (RPI) – Is a price index calculated and published by the U.K.'s Office of National Statistics. The RPI is an older measure of inflation.

Right to First Refusal (RFR) – This allows a specific party to have the right to purchase the property or shares of the property first.

RICS Valuation – A valuation of the property, conducted by the professional body Royal Institution of Chartered Surveyors.

S

Service Charge – Payable to a landlord, management company or similar third party for providing services to the property or land surrounding the property.

Share Percentage – This is the share amount you purchase. This will be between 25% - 75%.

Source of Funds – Your funds will need to be checked by your conveyancer to ensure they comply with the Government's Anti Money Laundering Regulations.

Stamp Duty Land Tax – This is a Government Tax that is paid by a purchaser when they buy a home. Please note Home Reach properties purchased by First Time Buyers under £500,000 are Stamp Duty exempt.

Subletting – You are unable to sublet the entirety of your property. You are able to sublet a room in your property but you will require approval from heylo to do so.

T

Tenure – This is the way you can legally hold a property (leasehold or freehold).

Title Deeds – This is proof of ownership; it outlines the rights and liabilities as a homeowner.

Transfer Deed – The legal document which transfers the property from one party to another and is registered at Land Registry. Otherwise referred to as a TP1 or TR1.

U

Unsold / Residual Share – This is the share owned by heylo.

V

Vendor – The party selling the property.



Call: **020 3744 0415**

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Visit: www.homereach.org.uk