Hyde
New Homes

A buyer's guide to **shared ownership resale**

A great home for everyone

> At first I wasn't sure about shared ownership, but I feel I was taken through everything step by step by the fantastic team at Hyde New Homes and what seemed quite daunting at first was actually quite simple and straightforward.

Leanne
Spring Acres

Contents

Introduction

When you buy a shared ownership property from Hyde you will own a share of the value of your home and pay a subsidised rent on the remaining share. You will only need to find a deposit based on the share that you are buying.

What is shared ownership?

- A government backed scheme for people unable to buy at full market value.
- Own a share of your home and pay a subsidised rent on the remaining share.
- Shared ownership lets you buy your home with a much smaller deposit than required when buying at full market value.
- You can increase your share over time (dependent on your lease) until you own your home outright.

Who is eligible?

- Anyone with a household income under £80,000 per year or £90,000 per year in London.
- You will need to have a financial assessment to ensure that your income comfortably covers mortgage payments, rent and service charge and household bills.

Resale homes

- Resale homes are shared ownership homes where the existing owner is selling their home.

The shared ownership lease

- As a shared owner you have the same rights as an owner occupier.
- As the owner of the remaining share of your home, we become your landlord and you pay us a subsidised rent on our share^.

The shared ownership lease sets out:

- How often your rent and service charge are reviewed.
- The conditions of selling your share or buying more shares in your home.
- What to expect from us as your landlord.
- Your rights and responsibilities as a home owner.

- If you opt to buy the remaining share of your home, you will own it outright and no longer pay rent to us.
- If it's a house, in most cases, the freehold will be transferred to you.
- If it's an apartment, you will still be a leaseholder with responsibilities for shared areas and continue to pay ground rent and service charges.
- The lease will set out any restrictions, such as sub-letting the property.
- In many cases, the lease states that you are not allowed to keep pets, however, you can apply for consent to keep a pet if you buy a share of a house with access to a secure outside area.

^Please note that for some properties, Hyde provide a marketing and sales service for a third party. In this case Hyde would not be your landlord.

Costs of buying a shared ownership resale home

Resale homes is where the existing owner is selling their shared ownership home. You will need a deposit of up to 10% or 20% of the value of the share you are buying.

10% Deposit	**£8,325**
Monthly costs	**£1,109**
Mortgage	**£395**
Rent	**£572**
Service charge	**£142**

The above example is provided for guidance only and we recommend you research costs yourself. Example is based on a full market value of £333,000 of a one bedroom apartment in London based on a 25% share of £83,000.

Other estimated costs

Mortgage valuation fee

£300 - £500

Your mortgage lender will arrange a valuation to check the property's value. These costs can vary depending on the mortgage provider.

Mortgage arrangement fee

£400 - £999

Some mortgages include an arrangement or application fee. These fees vary but you should allow between £400 - £999.

Mortgage Adviser fee

From £400

Many mortgage advisers charge for their services. This fee can be from £400 upwards.

Solicitors Fee

£800 - £1,500

Usually in the region of £800 to £1,500 and will include Land Registry fees, local search fees and other expenses excluding stamp duty.

Stamp Duty land tax (SDLT)

This is a government tax and dependent on the value of the property. Your solicitor will be able to explain this tax during the conveyance process.

Further details are available at:

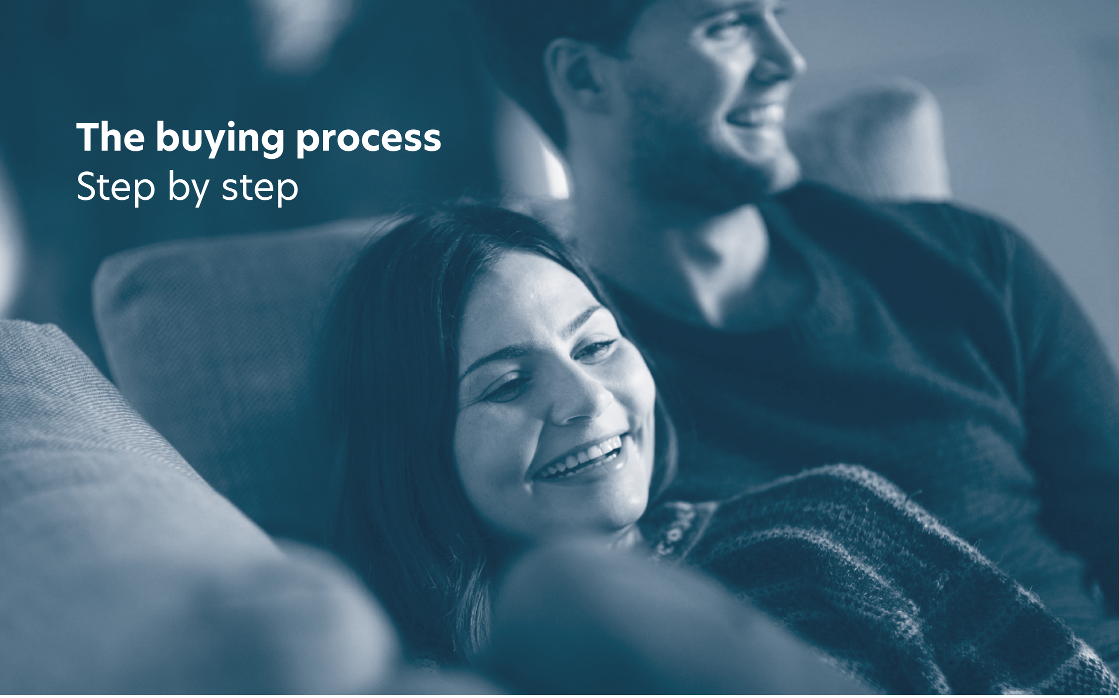
www.gov.uk/stamp-duty-land-tax

Rent and service charge payment

On completion of your purchase your first month's rent and service charge will be due to us.

Removal costs

We recommend you obtain a number of quotes in advance to find the best deal.



The buying process
Step by step

1 Register your interest in a resale property.

- Set up a **My Hyde Account** at www.hydenewhomes.co.uk
- Fill out an application form on line.
- We will check your eligibility.
- Use your **My Hyde Account** to search for resale homes and request a viewing.
- Call the Resales Team on **0345 606 1221** to express your interest in a resale property.
- If we have more than one person expressing an interest in the property we will offer the property in line with our eligibility criteria
- For further details on the allocation process please view our Resale shared ownership allocation and affordability policy - Hyde New Homes.

2 Financial Assessment

- When you find a home you are interested in, we will put you in touch with an independent mortgage broker for an initial assessment.

3 Offering you a home

- Once you have had a successful initial financial assessment, we will formally offer you the home setting out the conditions of sale.
- We will send you details of a panel of solicitors who can act on your behalf. However, you can instruct a different solicitor, it's your choice.
- At this stage you will have a full financial assessment by the independent financial adviser who will confirm your affordability for the property.

4 Appointing a solicitor

- The solicitors provided to you on the panel have considerable shared ownership experience.
- You may appoint your own solicitor but you cannot use the same solicitor as Hyde.
- We recommend that you obtain a quote for the likely costs before you appoint a solicitor. The costs will include the solicitor fees for their work and all disbursements (a payment made for completing various administrative and legal tasks).

When acting on your behalf your solicitor will:

- Check the lease and liaise with your mortgage lender, the seller and Hyde's solicitors.
- Carry out searches, check the ownership and ensure there are no planned developments that will affect your home.
- Check that all the legal paperwork and your mortgage are in place.
- Register the title after completion of the sale.

5 Memorandum of Sale & Mortgage Application

- Once we have your Offer Acceptance with details of solicitors acting for you, we will issue all parties a Memorandum of Sale.
- The Memorandum of Sale summarises the details of sale.
- If you haven't already, it's time to arrange your mortgage.
- Your mortgage lender will value your new home to ensure it is worth what you are paying for it.
- Once you have received a formal mortgage offer, your solicitor will raise enquiries to proceed to exchange of contracts.

At this stage, it may appear that nothing is happening, but behind the scenes all parties will be working on the legal process.

6 Exchange of contracts

- Your solicitor will send you a report on title and draft contract to read and sign.
- The report on title will provide information about your home and highlight anything that you should be aware of.
- The contract sets out the terms of sale.
- Your solicitor and the seller's solicitor will confirm a completion date.
- Your solicitor will now need the signed contracts and your deposit in order to exchange.

7 Exchange of Contracts takes place

- You are now legally bound to buy the property and the seller is legally bound to sell it.
- Withdrawing from the sale at this stage will incur financial penalties.

8 Prior to completion

- You will receive a completion statement from your solicitor, detailing monies for the purchase.
- Your solicitor will request monies from your mortgage lender in readiness for completion.

9 Move in day

- Your solicitor will pass all monies on to the relevant parties to enable the purchase to complete.

Congratulations! You are now the legal owner of your new home

- Once completion has been confirmed you can collect your keys to your new home from the seller.
- Ensure you collect all the keys and manuals and instructions for appliances.
- Read the meters and send in the readings to utility suppliers so that they can update their records in your name. You will be responsible for all utility bills from the day of completion.

After you move into your new home

Your solicitor will send us a Notice of Transfer showing you as the new owner.

- You will set up your monthly Direct Debit on line through:

MyAccount | The Hyde Group

- If you have any homeowner-related questions you can find further information by visiting our Homeowner's page:

www.hyde-housing.co.uk

Monthly costs

Mortgage payments

- Your mortgage payment is due to your lender each month, usually by direct debit.
- It's important that you keep up with your mortgage repayments as your home is at risk of repossession and your ability to obtain a mortgage or get credit in the future could be affected if you fall behind.

If you do fall behind or are concerned that you might, contact your lender as soon as possible to explain your position. They may be able to offer a payment solution and advice to help you. You should also speak to us and we will do everything we can to help.

Rent and service charge

- Settle your rent and service charge with us each month by direct debit.
- Both charges are reviewed annually on 1st April, in line with the terms of your lease.
- The service charge may change depending on the expenses incurred for the development. We will let you know about any changes by March of that year.

Its important that you keep up with these payments as failure to do so could result in court action and the subsequent loss of your home. If you do fall behind or feel you might please contact our income team as soon as possible. We will do everything we can to help you.

Your service charge covers:

- Communal cleaning and gardening.
- Buildings insurance.
- Maintenance of lifts, door entry systems and other items such as solar panels and communal TV aerials.
- Fire safety.
- Sinking fund/provisions - this is similar to a savings fund for all major future works, e.g. if the communal areas need repainting in 10 years time.
- Management and estate charges.
- General repairs to communal areas.

Service charges are payable on apartments and on some houses even if you own 100% of your home where you still benefit from services.

Utility costs

- You are responsible for payment of utility bills including electricity, gas, council tax, water and other household costs.

Repairs and maintenance

- In shared ownership apartments, you are responsible for repairs and maintenance inside your home.
- We are responsible for repairs and maintenance to the outside of the property and any communal areas.
- In a shared ownership house you are responsible for repairs, inside and out.

Buildings insurance

- This is included in the service charge.
- It covers the structure of your home, including fixtures and fittings but not contents.
- In a shared ownership house you will be billed annually for buildings insurance.

Hyde has negotiated reduced insurance premiums for shared owners. The policy is comprehensive and includes cover for the building and full reinstatement value including subsidence and accidental damage.

Alterations and improvements

You don't need our permission to redecorate but your lease stipulates that you need to apply for the landlord's consent before carrying out any major work to your home.

Work that will require our consent:

- Installing new windows.
- Replacing a boiler or central heating system.
- Changing internal layouts.
- Removing walls or creating new openings.
- Converting a loft space.
- Building an extension.
- Installing of a satellite dish (some leases don't allow this).
- Fitting wooden floors (the lease requires that you also lay adequate sound insulation). Some apartment leases only allow carpets as floor covering.
- Replacing kitchen and bathroom units.
- Alterations that affect the electric, gas or drainage run are not permitted.

To apply for consent:

Complete an application form and give us any supporting documentation:

- Call or email us to request a copy of the form to be sent to you:

0800 3282 282

HomeOwnershipteam@hyde-housing.co.uk

- You can also download the form here:

Improvements and Alterations

- A fee is payable to us for processing an alteration request to shared ownership homes.

Buying more shares in your home

You may buy more shares in your home at any time you wish and even own it outright. This is known as staircasing.

You can find more information about this process in the Hyde New Homes Staircasing guide:

Hyde New Homes Staircasing Guide

Alternatively email us at:

resales@hydenewhomes.co.uk

Re-mortgaging

- As we have a financial interest in your home, we will need to consent to any increase in borrowing or changes to your mortgage lender.
- An administration fee is payable for reviewing and approving any changes.

Selling your shared ownership home

You can find more information about this process in the Hyde New Homes Resales sellers guide.

Resale Sellers Guide:

Alternatively email us at:

resales@hydenewhomes.co.uk

Extending your lease

- As your lease term decreases it can become more difficult to sell or re-mortgage your home.
- As a shared owner you have the opportunity to add a further 90 years to the existing term of your lease.
- This is known as a lease extension and a premium is payable to us to do this.

The potential benefits of extending your lease include:

- Making it easier to sell.
- Protecting the value of your home.
- Premium payable will increase over time.
- No more ground rent charge.
- For further information on our voluntary lease extension process please email:

HomeOwnershipTeam@hyde-housing.co.uk

Your lease in the future

- During the course of your shared ownership lease you may wish to transfer or assign the ownership of the property to increase or reduce the number of registered owners.
- To do this your solicitors will need to contact us for confirmation on what is required under the terms of the lease and our administration fee payments.
- To become the sole owner of the property we will also require confirmation from your lender that you have passed affordability checks.

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hydenewhomes.co.uk
0345 606 1221

Details correct at time of publication: August 2026.