

Appendix 2: Assignment (Resale) Procedure

Shared Ownership Assignment (Resale) Procedure

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| 1 | Summary Wolverhampton Homes (WH) manages the shared ownership properties owned by the City of Wolverhampton (CWC). This guidance details WH's approach to dealing with Assignment (Resale) requests. Under the terms of the shared ownership lease shared owners may assign (sell) their lease and therefore sell the share they own in their home. Under the lease WH has the right to nominate a prospective buyer and a RICS valuation must be undertaken to determine the maximum price the share can be sold for. This procedure details the process that WH will follow when a shared owner wishes to assign (sell) their share. |
| 2 | Responsibilities The following are responsible for the implementation of this procedure: Head of Home Sales and Leases (HHSL) Home Sales & Leases Officer (HSLO) |
| 3 | Legal and Regulatory Framework This guidance incorporates and complies with the following legal and regulatory requirements: Lease Agreements Homes and Communities Agency – Capital Funding Guide |
| 4 | The Assignment Process |
| 4.1 | If a shared owner states they wish to purchase more shares in their home the HSLO will forward them: <ul style="list-style-type: none">• Selling your shared ownership home leaflet• Intention to Assign form• Approved list of RICS Valuers• List of Independent Financial Advisors (IFA)• Administration fee leaflet |
| 4.2 | It is the shared owner's responsibility to instruct an independent valuer who must be a RICS (Royal Institute of Chartered Surveyor) qualified surveyor not merely an estate agent. The shared owner is responsible for paying the Valuer's fee. A written valuation report will be required on the current open market value with a separate valuation of any improvements and disrepair. WH will provide all shared owners with a list of RICS Valuers who have experience of carrying out valuations of shared ownership properties but shared owners are free to instruct any RICS valuer. |

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| <p>4.3</p> <p>4.4</p> <p>4.5</p> <p>4.6</p> <p>4.7</p> <p>4.8</p> <p>4.8.1</p> | <p>The shared owner will forward:</p> <ul style="list-style-type: none"> • Notice of Intention to Assign form signed by all owners • The administration fee • A list of improvements made to the property • The RICS Valuation <p>The HSLO will check the shared owners rent and service charge accounts to ensure that they are clear. If they are not clear the shared owner will be advised that all accounts need to be clear at the time of completion of the assignment.</p> <p>The HSLO needs to check the lease to establish the nominations process and nominations period and to check the percentage owned by the shared owner (s).</p> <p>The shared owner must advise WH of any improvements made to the property. These can include any improvements made by a previous owner. All improvements need the consent of WH therefore the HSLO needs to check the file to ensure consent was given (follow shared ownership Additional Management procedure).</p> <p>On receipt of the valuation, and within 5 working days, the HSLO will check that the valuer is RICS qualified and that any improvements or disrepair noted have been valued separately. The HSLO will complete the Assignment Valuation form which must be signed off by the HSL and sent letter 1 to the shared owner confirming the maximum sale price for the share and the next steps.</p> <p>The nomination clause in the Lease give WH eight weeks to find an eligible purchaser for the share. Eligible purchasers must meet the same criteria as applicants eligible to purchase an initial share in a new shared ownership property:</p> <ul style="list-style-type: none"> • Household income of less than £80K and unable to purchase a property suitable to meet their needs • First time buyer • Previously an owner occupier but cannot afford to purchase a property on the open market now • Existing shared owner looking to move • Existing home owners under exceptional circumstances – these circumstances are set out in the Capital Funding Guide <p>Only certain military personnel will be given priority over other groups through Government funded shared ownership schemes. CWC may have some priority groups based on local housing need.</p> |
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| 4.8.2 | <p>The nominations period starts once the Notice of Intention to Assign has been received and the HSLO needs to diarise the date when the nominations period will close.</p> |
| 4.8.3 | <p>Letter 1 request that the shared owners provide the HSLO internal and external photographs of their property and a brief description for marketing purposes (customer guidance on taking photographs and writing a description is given in Selling your Shared Ownership Home leaflet). Once these are received the HSLO will load the photographs and property description onto the Help to Buy Midlands website (www.helptobuymidlands.co.uk) and onto other property marketing websites such as Rightmove, Zoopla, Prime Location etc. People interested in the property will be requested to contact the HSLO. The HSLO will also search the Help to Buy Midlands applicant database and contact any applicants that may be interested in purchasing the share.</p> |
| 4.8.4 | <p>Prospective purchasers will initially be requested to provide the HSLO with their registration number with Help to Buy Midlands. The HSLO will download a copy of the applicants Help to Buy application form from the Help to Buy Midlands website and check that the applicant meets the eligibility criteria for shared ownership. As part of their role the Help to Buy agent undertakes an initial eligibility and sustainability assessment for the applicant and this must be downloaded by the HSLO and retained on the file. The Help to Buy agent will also provide the applicant with an “Indicative Mortgage Level”. Property viewings will be arranged with by the HSLO via the shared owner, The HSLO will contact each prospective purchaser following their viewing for feedback. This feedback will be communicated to the shared owner.</p> |
| 4.8.5 | <p>At the end of the nomination period and if WH has been unsuccessful in nominating a buyer for the share the HSLO will write to the shared owner letter 2 to confirm the end of the nomination period and that the share may now be promoted for sale by the shared owner via an estate agent or by other means and that staircasing and selling simultaneously is also an option. The shared owner will be advised that in line with the terms of the shared ownership lease WH must give approval to any prospective purchaser. The HSLO will ask that the shared owner advise WH of the details of the estate agents they are using.</p> |
| 4.9 | <p>Once the HSLO is informed that the shared owner has found a purchaser they will obtain details of the purchaser’s name and contact details. The HSLO will contact the prospective purchaser and ask them to provide their registration number with Help to Buy Midlands so that their application form may be downloaded from the Help to Buy Midlands website. WH will charge an administration fee where the vendor finds their own purchaser. At this point the prospective purchaser will be provided with</p> |

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| | <ul style="list-style-type: none"> • Shared ownership leaflet • List of Independent Financial Advisors (IFA) |
| 4.10 | <p>All prospective purchasers whether nominated by WH or found by the shared owner will be asked to provide:</p> <ul style="list-style-type: none"> • Proof of income by way of payslips for the last three months or a P60 • If they are self-employed 3 years audited accounts • Proof of savings • A mortgage in principle certificate • A tenancy rent reference if they are renting their current home • Proof of identity • Proof of address |
| 4.11 | <p>The sale cannot proceed until the above have been returned and checked. If the sale is to proceed without a mortgage please see the Money Laundering Policy.</p> |
| 4.12 | <p>For those prospective purchasers found by nomination, although it would be good practice to ensure prospective purchasers found by the shared owner, can afford to purchase the share, an affordability assessment needs to be carried out. The HE expects that applicants purchasing shared ownership through re-sales need to sustain the share they intend to purchase. In view of this the HE considers a 45% household debt (mortgage costs, service charges and rent) to net income ratio as maximising the prospective purchaser's contribution to home ownership. A multiple of 4.5 x household income is also the maximum applicants can use to purchase their share.</p> |
| 4.12.1 | <p>On receipt of proof of income, the HSLO will assess the purchaser's affordability in line with the criteria outlined 4.12. Cases where the household debt to net income ratio is slightly above 45% may be accepted by the HHSL.</p> |
| 4.13 | <p>The HSLO will also need to check the application to ensure that the property will not be overcrowded. When judging overcrowding the HSLO will check the number of bedrooms against the people listed on the Help to Buy application form. A single bedroom should be classed as providing a single bed space, a double bedroom shall be classed as two bed spaces. Every person shown on the application form as intending to reside at the property, regardless of age, shall be considered in need of a bed space. Where someone is pregnant the child should be treated as being already born for the purpose of considering overcrowding.</p> |

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| 4.14 | <p>If the eligibility, affordability and overcrowding criteria are met the prospective purchaser's application can be approved. Letter 3 will be sent to the prospective purchaser and the estate agent if applicable to confirm this. The purchaser will be requested to provide details of the solicitor they intend to use and, if applicable, a copy of their mortgage offer. The shared owner will be forwarded Letter 4 advising them that subject to the mortgage approval the purchase has been approved and request that they provide details of their solicitor. The HSLO will arrange for the Help to Buy website and other websites used to market the property to be updated to show that the property is sold subject to contract.</p> |
| 4.15 | <p>If the applicant does not meet the affordability criteria the HSLO will contact the applicant to discuss why their application has failed and to determine if we had all the information to hand, for example, had they forgotten to tell us about any savings. If after the discussion the applicant still fails the affordability criteria then Letter 5 will be sent to the applicant, shared owner and estate agent, if applicable, advising them of this.</p> |
| 4.16 | <p>The purchaser's solicitor will request consent to the mortgage. The HSLO will check the following in the mortgage offer:</p> <ul style="list-style-type: none"> • That the mortgage notes that a share in a shared ownership property is being purchased • The percentage share • That the mortgage amount is the same as what was used in the affordability criteria (as outlined in 4.12) • The purchaser is only borrowing enough to buy the share and is not taking out additional debt • The borrower and purchaser are the same person • The terms of the mortgage offer are acceptable |
| 4.16.1 | <p>If the mortgage offer cannot be approved the HSLO will write to the applicant and their solicitors advising of the reasons why the mortgage offer has failed and offer them the opportunity to provide a revised offer or a supplementary letter from the lender.</p> |
| 4.16.2 | <p>Once the mortgage offer is approved Letter 6 will be sent by the HSLO to the purchaser's solicitors. At this stage the HSLO will arrange for the property to be removed from the Help to Buy and other related websites.</p> |
| 4.17 | <p>When the HSLO is advised of a completion date they will ensure that all rent and service charges have been paid up until the completion date. Both sets of solicitors will be advised if any money will be due. The HSLO will check the account 24 hours before completion and will advise the solicitors of the up to date situation. If any monies are still outstanding the HSLO will inform the solicitors the sale cannot go ahead unless:</p> |

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| <p>4.18</p> <p>4.19</p> <p>4.20</p> <p>4.21</p> | <ul style="list-style-type: none"> • The arrears are cleared • The seller’s solicitor provides an undertaking to clear the arrears immediately upon completion with the proceeds from the sale <p>Once completion takes place the purchaser’s solicitor has up to 30 days to issue a Notice of Assignment. The HSLO will receipt the Notice and return it to the purchaser’s solicitors. The HSLO will also forward a copy to Legal Services so the it can be placed with the original lease inside the deed packet. A fee will be charged for this service.</p> <p>The account for the former shared owner will be terminated on the Northgate housing system and an account for the new shared owner set up. A new file for the new shared owner will also be set up.</p> <p>It is a requirement by Government that a CORE log of the new sale is completed by the HSLO using the details provided on the Help to Buy application form and with the CORE guidance information. The details from the completed from are then entered on the electronic core log.</p> <p>Letter 7 – the welcome letter is sent to the HSLO to the new shared owner detailing their rent, insurance and service charge. The welcome pack will also include:</p> <ul style="list-style-type: none"> • Shared Ownership Handbook • Contents Insurance Scheme leaflet • Direct Debit form |
| <p>17</p> | <p>Review This procedure will be reviewed annually</p> |
| <p>18</p> | <p>Appendices Selling you Shared Ownership Home leaflet Intention to Assign Form List of approved RICS Valuers List of Independent Financial Advisors (IFA) Administration fee leaflet Assignment valuation form Letter1 Letter 2 Letter 3 Letter 4 Letter 5 Letter 6 Letter 7</p> |