



SHARED OWNERSHIP



HANDBOOK



If you've bought a Shared Ownership property through RHP, it's likely that this is your first step on the property ladder. This handbook is designed to help you navigate leasehold and shared ownership.



Your lease

Your lease agreement is your 'contract' with RHP. This makes us your landlord and, in some cases, the freeholder of your block and estate.

The term 'freeholder' means to own the land a building is on. As flat owners only own the space they live in, rather than any communal areas or land, it makes it impossible for them to be a freeholder. This is why leasehold exists.

Your lease agreement explains all the important information you need to live in your home. Leases are legal contracts, so sometimes the information may not be very clear, but do make sure you read your lease.

If you don't have a copy of your lease, you can ask the Land Registry, or the RHP Homeowner Team.



Service charges

One of the key features about owning a leasehold property is the payment of service charges to your landlord/freeholder. These service charges are for maintaining communal areas and elements of the building that you use but don't own, like the roof, communal hallway cleaning and grounds maintenance. We can only recharge leaseholders the actual costs of providing a service to your estate every year. Every year we'll send you an estimate - like a budget - for what we think it will cost to provide services to your estate. This estimate is based on the previous year's accounts and our known contract costs.

At the end of every financial year, we calculate what we spent on maintaining your building and estate and issue you with 'actual' service charge accounts. If we've underestimated the charges, you're charged the difference. If we've overestimated, you'll be credited for the difference.

This process is set within leasehold legislation (The Landlord and Tenant Act 1985), which makes sure that freeholders can't profit through leasehold service charges. Freeholders can only charge you the actual costs incurred for providing services.

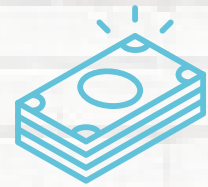
You have the right to ask RHP for invoices to explain the costs in your actual accounts. If you'd like to see these, please contact the Homeowner Team.

The amount you pay towards service charges is usually set out in your lease, for example 1/12th of block costs if you live in a block of 12 identical flats. Larger flats pay a higher proportion of service charge, and you may pay more if you have a parking space, or use a private facility such as a gym.



Sinking fund

A sinking fund is a long-term savings plan that leaseholders contribute to every month through service charges. This is used to pay for major work that's required, such as replacing a roof. All sinking fund contributions are held by us and accounted for separately from other service charges. Interest is earned on the money and is added to the sinking fund balance every year



Major works/Section 20 notices

Your service charges cover the 'day to day' running costs of your estate, but there are also costs that occur less frequently for large items such as roofs, windows, lifts and communal redecorations. When these elements need to be replaced, the costs are also charged to blocks under the same apportionment as your service charges. However, as the costs are likely to be high, they will trigger the 'Section 20' process - Section 20 of the Landlord and Tenant Act 1985. This states that a landlord/freeholder must consult with leaseholders when costs are likely to be over £250 per property.

There are two main stages to a consultation:

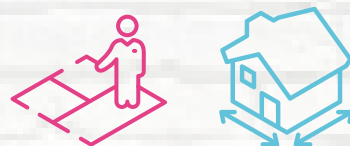
1. Notice of Intention: leaseholders are told that their freeholder plans to carry out works (for example a roof replacement). You'll have a minimum of 30 days to make comments on this notice and, in some cases, nominate a contractor.

2. Notice of Proposals: leaseholders are told which contractors we have quotations from, and the likely (estimated) cost of the works. You'll have a further minimum of 30 days to make comments.

Sometimes we have to serve a third notice, but this is only necessary if we haven't chosen the contractor who gave the lowest quotation.

There are other types of notice we sometimes serve, for example, where major work or services are carried out under a long-term agreement (for instance, a grounds maintenance contract).

The purpose of section 20 isn't to get everyone's 'vote' or agreement to go ahead, though a freeholder must consider all comments from leaseholders before going ahead with work. If you receive any section 20 notices, you should keep hold of them to give to your solicitors when you sell your property.





Managing Agents

In some cases, RHP is not the freeholder of your home. RHP may have developed properties in partnership with a builder who has kept the freehold, or bought leasehold properties in a development to sell on as shared ownership homes.

Usually, the freeholder will appoint a third-party managing agent to oversee the day-to-day services to the block or estate (cleaning, grounds maintenance, repairs etc.) You'll see the Managing Agent charge on your service charge statement, but this isn't always broken down with individual charges. You can still contact us to request to see invoices and accounts at the end of the financial year, and we will get these from the Managing Agent.

We represent our shared owners and leaseholders who live in blocks where we are not the freeholder, although in some cases residents can sign up to the agent's management portal, which allows them to report repairs and communicate directly with the agent. RHP still manages your rent account and is here to help you with all homeowner queries.

Ground rent

As a leaseholder, you may have to pay an annual ground rent. The amount varies. Ground rent is usually an annual fee and specified within your lease. Most ground rent is due in April, unless your lease states otherwise.



Alterations

One of the joys of owning your own home is being able to make it look exactly how you want. However, it's a term of your lease that you ask for our permission before making alterations. We're here to support you in this and aim to make our alterations permissions process as quick and simple as possible. This extends to non- structural alterations too, such as a new kitchen. We would never unreasonably withhold permission – in fact we can't under the terms of your lease – but it's important that we know about the work, as it could impact others living in the building. There is a small admin fee for us to provide permission, depending on the type of work. The full list of fees can be found on the help and advice section of our website.

If you have carried out alterations and then want to buy more shares in your home, it's important you make the surveyor aware so that they can determine whether the alterations have added value to the property. If they have, this amount will be deducted from your staircasing premium/purchase price.

Subletting

We define subletting as renting out your property and not living there. As Shared Ownership is a government funded scheme and designed to enable people into owning and living in their own homes, your lease strictly forbids you from subletting. You can, however, let a spare room, if you have one. And you can, of course, share your home with a partner, even if they're not a co-owner of the property.



Staircasing

Buying additional shares in your property and increasing your ownership (equity) is called 'staircasing'. There is no timescale or requirement to staircase: it's up to you whether you wish to staircase and when.

The minimum share you can staircase by is 10%. Each increase must be either a 5 or 10% multiple. The more you own, the less rent you pay. If you buy all the remaining shares in your property, you'll become the 100% leaseholder. You won't pay any rent (although you may have to pay a ground rent) but you'll continue to pay a service charge.

Staircasing transactions will be based on the value of your home at the time of the transaction, not the original purchase price. An independent RICS (Royal Institute of Chartered Surveyors) certified valuer determines the price you pay for your additional shares.

If you own a shared ownership home, you'll usually receive the transfer of the freehold upon final staircasing.

Lease extensions

RHP allows shared owners to extend their lease via an 'informal' process. We'll usually grant an additional 90 years to the existing term of your lease but that may depend on whether we are the freeholder of your property. A guide to the process, including costs, can be found on the Help & Advice section of our website.

There are reforms to leasehold being made, and these include changes to lease extensions. We'll keep our customers updated as changes come into effect and ensure our policies are updated to support our leaseholders to get the most out of these reforms.



Selling

Under the terms of your lease, RHP has eight weeks to find a buyer for your home, so your property can remain as a shared ownership property. Our standard fee if we find a buyer is 1% + VAT of the full market value. This may vary depending on the terms of your lease.

If we're unable to find a buyer for your home, then you can instruct an estate agent and sell on the open market. A selling fee would not be due to us in this situation; however our solicitor's costs would still be payable, along with a small administration fee.

When you have a buyer, your solicitor will request a Sales Pack from us (also known as a Leasehold Management Pack). This pack contains important documents relating to your property, such as service charge accounts and the buildings insurance certificate. It also supplies the answers to standard leasehold enquires. The charge for this is £252 (including VAT). You can make the payment to us, or your solicitor will make the payment on your behalf. Once payment has been received, we'll aim to issue the solicitor's pack within five working days.

You must also email homeowner@rhp.org.uk to request this pack and provide your solicitor's details

If your building is managed by a managing agent, your solicitor will also need to request a sales pack. In this instance, the charge for an RHP is £72, as we won't have as much information to provide.

As with staircasing, the price you sell your home for will be based on a formal (RICS) valuation which will determine the market value at the time. Like any home, the value can rise and fall along with the housing market. If you are looking to sell your home we will be happy to help answer any queries.

Further information can be found here:

www.rhp.org.uk/help-and-advice

Our responsibilities

As an RHP customer, we hope you're happy with our service and enjoy your home. Here is a basic guide about what falls under our responsibility and what is yours.

- ▶ Any criminal **antisocial behaviour** on your estate needs to be reported directly to the police (eg, violence, vandalism and drugs). Non-criminal matters can be reported to RHP. We can act on any breaches of lease or tenancy, but please be aware that both require action through the County Court, which is a long process and requires significant evidence. Ending anyone's tenancy or lease is always a last resort, and we'll do everything we can to work with customers to prevent an issue from reaching this point.
- ▶ **Estate maintenance**, like cutting grass and bushes owned by RHP, estate repairs, and bulk waste collection.
- ▶ **Block maintenance**, including internal cleaning, cleaning of communal windows, fire safety checks, bulk waste collection, lighting and repairs.

- ▶ **Window ownership** is often split. Most RHP leases state that the window frames are the responsibility of RHP to repair, with the glass owned by leaseholders.

When it comes to a full replacement project, leaseholders' windows would be included in this programme. For repairs between replacement projects, we'll carry out any necessary repairs to window frames and handles for leaseholders.

- ▶ As we own the freehold of your block, RHP is responsible for arranging the **buildings insurance** for you, which is passed on within the service charge. The best way to think about our relationship with buildings insurance is to consider RHP as your broker. The insurance policy, and any subsequent claims, are leaseholders' responsibility. As a result, the insurance excess is also payable by the leaseholder on submitting a claim.
- ▶ **Fire Risk Assessments and Asbestos Surveys** where appropriate.
- ▶ To discuss a repair, estate or antisocial behaviour issue, visit www.rhp.org.uk or call **0800 032 2433**.

Your responsibilities

- ▶ Everything within your property, including any pipework that services only your property, and your stopcocks.
- ▶ Your front door, which should be to an FD30S standard or higher. As part of our legal responsibility, a competent, independent fire risk assessor carries out fire risk assessments in our blocks of flats. If they find or suspect you have a non-fire-resisting door, we'll get in touch and ask you to provide further evidence or upgrade your flat entrance door.
- ▶ The glass in your windows.
- ▶ You're responsible for your behaviour, and the behaviour of any guests or sub-tenants on the estate. Please be aware of how sound travels in communal living spaces and consider the impact on neighbours.
- ▶ Making sure your gas boiler (if you have one) is regularly serviced and that any electrical work is carried out by a qualified electrician. This isn't a specific term in your lease, but it is important to keep you, your family and your neighbours safe.

- ▶ Residents are expected to dispose of their domestic and bulk waste responsibly. Fly-tipping is a serious criminal offence for which you can be prosecuted.

Tipping a mattress, electrical items or a bin bag full of rubbish on the estate causes a local nuisance, is hazardous and makes an area look unattractive and run down. You can book bulky waste collections through private firms, or through the local authority for a small fee.

You can help us put a stop to fly-tipping in your area by sharing information with us, like the name, address or vehicle registration of the individuals that have fly-tipped.

www.richmond.gov.uk/book_a_bulky_item_collection

beta.hounslow.gov.uk/recycling-rubbish/request-collection-large-household-items-bulky-waste



Stay fire safe

As an RHP customer, we hope you're happy with our service and enjoy your home. Here is a basic guide about what falls under our responsibility and what is yours.

Keeping your home and community safe is a top priority for us, but we can't do this on our own: we need you to work with us. For everyone's safety, no items should be kept in communal areas.

This includes:

- ▶ buggies and prams,
- ▶ children's toys,
- ▶ plant pots,
- ▶ rubbish you're waiting to throw away.

Only purpose-made door mats are permitted. Clutter blocks emergency exits and prevents the fire brigade from carrying out their duties. If items are set alight, they give off toxic smoke and gas which might reduce your visibility. They could also explode or cause the fire to spread more quickly.

If we find items in communal areas, we'll remove them, and you'll need to pay removal and storage costs if you'd like them back. If someone continues to leave or store items, we may take legal action – including enforcement under the terms of their tenancy or lease.





Contacting RHP

The Homeowner Team at RHP provides a dedicated service for leaseholders. They can help with all legal transactions, including lease extensions and advice, payment support, resales, the 'Section 20' process, service charge enquiries and customer engagement.

Email homeowner@rhp.org.uk or call **0800 032 2433**.

To report a repair, an estate issue or anti-social behaviour, please fill out a contact form out on our website: www.rhp.org.uk/contact-us

For answers to some of our most frequently asked questions from homeowners, visit the [Help & Advice section of our website](#).

Admin fees

At RHP, we aim to be easy to do business with. These tables outline our administration fees for key services.

Leasehold service	Admin Fee (inc VAT)
Sales pack	£252
Sales pack additional enquiries	£20 per enquiry
Notice of Transfer/ Assignment	£70
Notice of Charge	£70
Re-mortgage pack	£100
Certificate of Compliance	£60
Requests for copy of lease	£10 (if we need to purchase from Land Registry)

Leasehold service	Admin Fee (inc VAT)
Lease extension	£250
Enfranchisement	£500
Staircasing	£250
Resales (shared ownership)	1% of market value
Deed of Variation Deed of Postponement	£100
Court application for arrears	£100

