



Where quality homes  
are truly affordable

# West Oxfordshire Open Market HomeBuy



# Buying a home in West Oxfordshire is easy with Open Market HomeBuy

## What is Open Market HomeBuy?

Open Market HomeBuy is a scheme for those who live in the West Oxfordshire area but are unable to get on the property ladder without financial help.

The scheme will allow you to use a mortgage or savings to buy a percentage of a house or flat that is for sale on the open market. The rest of the money will be paid using a secured loan from Sovereign Housing Group.



## How does it work?

The cost of your home will be paid in two parts: a mortgage or savings and an equity loan.

### Mortgage or savings

Using a mortgage or savings, you will pay an agreed percentage of the house price. If you are getting a mortgage, you should get this through a bank or building society that operate this scheme. These are known as 'qualifying lenders'. Please check with us or an independent financial advisor to make sure you are using a qualifying lender.

The length of your mortgage should be:

- for no more than 35 years
- on a repayment basis, and
- no higher than the value of the share you are buying.

We cannot accept self-certified mortgages, guarantor mortgages or mortgages that offer further borrowing.

## An equity loan

We can offer you an equity loan up to £50,000, for a maximum home price of £250,000. We will look at your individual needs and base your maximum purchase price and house size on what you can afford and how many people will be living in your home.

The equity loan will be jointly funded by The Sovereign Housing Group Ltd and West Oxfordshire District Council and it will be administered by Sovereign Living.

### Equity loan charges

Each loan will be calculated using the amount of funding you can provide and your individual circumstances. When your loan is agreed, your title deeds (the documents that prove you own the home) will be registered in your name. If you are taking out a mortgage, your mortgage company will have a first charge placed on your home and a second charge will be added by Sovereign.

No interest will be charged on the equity loan for the first three years. From year four you will be charged at 1.75%. This will increase to 3.25% in year six and 3.75% in year eleven.

From year four, there will also be an annual review, with an additional yearly increase of RPI plus 0.5%.

### Equity loan repayments

The loan must be repaid in full if you sell your home, pay your final mortgage instalment or at the end of 25 years, whichever happens first.

The loan repayment will stay at the same percentage you originally borrowed eg 25%, based on the selling price.

## Interest on your equity loan

Example: loan £50,000, annual inflation 2.50%

	Year 1 to 3	Year 4	Year 5	Year 6	Year 10	Year 11	Year 15	Year 20	Year 25
Annual interest rate	0%	1.75%	1.75%	3.25%	3.25%	3.75%	3.75%	3.75%	3.75%
Interest cost per year	£0	£875.00	£901.25	£1,722.50	£1,929.20	£2,268.75	£2,541.00	£2,922.15	£3,360.47
Interest cost per month		£72.92	£75.10	£143.54	£160.77	£189.06	£211.75	£243.51	£280.04
Inflation adjusted annual interest rate		1.75%	1.80%	3.45%	3.86%	4.54%	5.08%	5.84%	6.72%



## How do I apply?

To qualify for Open Market HomeBuy, you must get written approval from us for this specific scheme. Phone us for more details on 0845 602 1618.

You should not enter into any legal agreement to buy a home until you have received:

- a letter detailing the maximum purchase price and the maximum number of bedrooms you can buy, and
- a letter confirming that we have checked your mortgage offer and Homebuyers' survey.

## Who is eligible?

In considering your application, we must follow the rules published by the Homes and Communities Agency.

To be considered for the scheme, you will need to meet the requirements below:

- be in housing need and have a local connection with West Oxfordshire (as defined by the Council's allocations policy)

- of a household earning less than £60,000, and
- unable to buy a suitable home on the open market in West Oxfordshire, without the assistance of the equity loan.

You will be considered a priority applicant if you are a:

- first time buyer
- key worker (as defined by the Council's allocations scheme)
- council or housing association resident who will be leaving a suitable home for a family to move in to
- household that has been privately renting for more than three years and can demonstrate a good rental payment record.

You will also need to have enough money to cover the costs of:

- legal transactions, including stamp duty where applicable
- buying costs - typically between £2,500 - £4,000
- the mortgage deposit - normally 10%.

## What home can I buy?

You may buy any home as long as it meets the following requirements.

- The size must be suitable for your current needs, but you can buy a home with one bedroom more than you actually require - this will be agreed at the beginning.
- Your mortgage offer should not have a retention of £5,000 or more. A retention is where the mortgage company holds onto some of your agreed mortgage. If the retention is more than £5,000 you will not be allowed to continue with the purchase.
- The home must be situated within the West Oxfordshire District Council area.
- The home must be currently for sale on the open market with vacant possession on completion of the purchase.
- The home should be a residential property with no commercial use.
- If the home has just been built it must be available for you to move into immediately and have an NHBC certificate (or equivalent). This certificate covers your property for any major structural defects by the builder for the first 10 years.
- The home must not be owned or part-owned by your partner, family member or business associate.
- The home must not be a caravan, houseboat or any other mobile home.





# Selling your home

You may sell your home at any time after the first 12 months of ownership. At this stage, the loan must be repaid based on the percentage you borrowed and your final selling price.

## Repayment example

Original price of home:	£180,000
Your mortgage:	£135,000
Equity loan (25%):	£45,000

The loan repayment will take the amount owed to above the sale price (assuming nothing has been repaid on the capital of your mortgage). Your actual repayment on your loan in this instance would therefore be £40,000.

## a) House goes up in value

Sale price of home:	£200,000
Repay your mortgage: (may be less than above if you have had a repayment mortgage)	£135,000
Equity loan to pay back 25%:	£50,000

Total to pay back:	£175,000
Your share remaining:	£0

Total to pay back:	£185,000
Your share remaining:	£15,000

## b) House goes down in value

Sale price of home:	£175,000
Your mortgage: (may be less than above if you have had a repayment mortgage)	£135,000
Equity loan to pay back 25%:	£43,750

## c) House goes down in value but you owe less than your original mortgage amount

Sale price of home:	£175,000
Mortgage outstanding:	£130,000
Equity loan to pay back 25%:	£43,750
Total to pay back:	£173,750

Your share remaining:	£1,250
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# Buying your home

So, what do you do now? Just follow these steps.  
We are here to give you all the advice and support you need.

## Step 1

Contact us. We will confirm that you are registered with Catalyst Housing Group and that West Oxfordshire District Council will put you forward for this scheme.

**Do not make any financial or legal commitment to buy a home at this stage.**

## Step 2

We will assess your circumstances and agree a property size and the maximum house value you can buy.

Once this process has been completed, we will send you a letter confirming that you can begin to look for a new home.

**Do not make any financial or legal commitment to buy a home at this stage.**

## Step 3

Send us your chosen property details. We will write to you to confirm whether your selected home is eligible.

## Step 4

Once you have received our approval letter, you can instruct your solicitor and arrange a mortgage (if needed).

## Step 5

Send us your mortgage offer and Home Buyers survey. Please be aware that we will decline your chosen home if your mortgage offer has a retention of £5,000 or more.

An approval letter will be sent directly to your solicitor so they can exchange contracts.

## Step 6

Complete your purchase and move in!

## Any questions?

Please call the  
Sovereign Living  
sales team  
on 0845 602 1618  
or email us at  
[living@sovereign.org.uk](mailto:living@sovereign.org.uk)



Phone: 0845 602 1618  
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Sovereign Living is a trading name of The Sovereign Housing Group Limited, a charitable body. The Sovereign Housing Group is made up of five charitable associations: Kingfisher HVHS Housing Association Ltd, Sovereign Housing Association Ltd, Sovereign Housing Group Ltd, The Vale Housing Association Ltd, and Twynham Housing Association Ltd - plus their subsidiaries.

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