A-Z of Terms

You may hear us use certain terms or words when buying one of our properties, so we have created this guide which explains what they mean.

Administration Fees
Fees are charged by us when you come to buy and sell your property and for certain other services we provide that are not included in your regular service charge. The resale fees cover our costs for handling all elements of the sale including approving valuations, assessing purchasers, liaising with solicitors, calculating and collecting all charges and granting our consent to the sale, which is required under the terms of your Lease.

Affordability Check
We will carry out an assessment of your financial circumstances to ensure that you can afford to buy a property and will be able to sustain this. To do this, we will look at your monthly income (after tax) and your monthly outgoings; this information is then compared with the estimated monthly mortgage repayment, rent payment and service charge costs. This total cost must be below 45% of your monthly income after tax for it to be approved.

Agreement in Principle/Decision in Principle
This is an indication from a bank or building society of how much they may lend to you before they complete the formal application process for a mortgage. For example, you can ask a mortgage lender for a decision in principle to tell you roughly what you will be able to borrow before you start searching for a property to buy. This makes it easier to work out what you can afford and what options are realistic for you.

Building Guarantee
All new build properties come with a 10 year guarantee from the build completion date, not the date you move in. This is often called an 'NHBC Warranty' or similar, and covers the structure of the building against major defective problems.

Buildings Insurance
Where we provide buildings insurance, the cost of this is covered in your service charge or via an insurance rent. It is insurance for the structure of the building only, which is often required by your mortgage lender. You will need to arrange your own contents insurance separately.

Completion
Legal completion is when the solicitors or legal representatives from both the buyer and seller complete the sale transaction and the seller receives the money from the buyer. It is

at this point that the purchaser becomes the legal owner of the property. You can normally move in on the day the sale completes.

Conveyancing
This is the term for the legal process involved in buying a property and transferring ownership from the seller to the buyer. This is usually carried out by a solicitor or licensed conveyancer who should check up on every legal aspect of the property. They should ask the seller's solicitor any questions about rights of way, neighbours, boundaries or drainage issues etc.

Depending on the replies, your solicitor will advise you to continue with the transaction or hold off until further information has been received. Your solicitor will also carry out investigations with the local authority and local searches, to find out if there are any matters which might affect your decision to proceed with the transaction, such as proposed new developments around the property.

Credit Check
Your financial advisor and mortgage lender will check the files of a credit reference agency to determine your suitability for a mortgage. This will involve looking at any loans or credit agreements you have with other companies and whether you have been keeping up with the repayments.

Defects
Brand new properties we sell come with a 'defects period', during which time you can report to us any items of defective workmanship or defective materials. We will arrange for the builder to come back and put these items right, and then sign off the property to make sure you are happy with it at the end of the defects period. This usually lasts for 12 months from the date the property was built, but can vary. We will give you details of the defects period on a property before you move in.

Exchange of Contracts
This is the point in the sale transaction when the purchaser and seller agree to sign contracts prepared by the solicitors and a deposit will be paid by the buyer to the seller. The contract is legally binding and obliges the seller to sell the property, and the purchaser to buy it.
Compensation may be payable if either party pulls out after this point. Exchange of contracts can often take place on the same day as completion on new build properties.

Freehold

Freehold means that the property and the land it is built on are the owner's. Under Shared Ownership, we will often own the freehold; we sell the property to you on a leasehold basis by means of a Shared Ownership Lease.

Income Reference
Most lenders will ask for proof of income, as part of your mortgage application - usually your last three months' wage slips and a P60, and possibly three months bank statements. They will also occasionally write to an employer for confirmation of income, length of service and pay structure. For self-employed applicants, 2 years accounts will usually be required and very often a reference from the accountant.

Independent Financial Advisor (IFA)
IFAs are professionals who offer independent advice on financial matters to their clients and recommend suitable financial products from the whole of the market. They will carry out a details assessment of their client's financial position and requirements and help find a suitable mortgage. You should check with the IFA what their fees will be before you begin.

Lease
The lease is the legally binding document setting out the terms of ownership and the legal rights and responsibilities of both the leaseholder (you) and the landlord and/or freeholder (usually JJH). It is essential that you read and understand the Lease before you commit to buying a property and that you ask your solicitor to explain it fully to you.

Lease Extension
When a brand new shared ownership property is sold for the first time, it is on a lease which usually runs for either 125 or 99 years. When the property is sold again, the new buyer 'inherits' the remaining years rather than receiving a new 125 or 99 year lease.
When the lease runs down to around 70 years or less, it may cause difficulties obtaining a mortgage on the property. With our agreement, you may extend the term of the lease to increase the number of years remaining. The Leaseholder is responsible for the cost and all legal fees associated with extending the Lease.

Leasehold
This is a form of property tenure where the Leaseholder (you) own only the right to occupy the land or building for the length of the lease – the 'bricks and mortar' are still owned by the landlord or freeholder. Generally, all flats or apartments are leasehold, although some houses can be too. All shared ownership properties are normally sold on a leasehold basis.

Leasehold Scheme for over 55's (LSE)

Some of our retirement properties are available through the LSE scheme specifically for people aged 55 and over. The leaseholder pays 70% of the open market value to purchase it and pays a monthly service charge. The remaining 30% is a locked in discount – the idea behind the scheme is for us to retain a supply of homes for older people at an affordable price.

Mortgage
A mortgage is a loan from a bank or building society to purchase a home and is secured against the property itself. JJH must approve your mortgage to check that it is affordable and that it is not for an amount greater than the value of your share. Your mortgage cannot be longer than 35 years and should not usually take you past retirement age. Your home may be repossessed if you do not keep up repayments on your mortgage.

Repairs Obligations
All properties need some general repairs from time to time. Usually under shared ownership, you are responsible for all the repairs to your property, like any other home owner. If you live in an apartment or on a development with shared areas such as corridors or a car park, it is usually JJH's responsibility to arrange maintenance of these areas. The cost of communal repairs is shared by the residents and collected through the service charge. Details of who is responsible for which repairs are detailed within the Lease of an individual property.

Resale Property
Shared ownership resale properties are existing homes already held in shared ownership that are being sold by the current resident, rather than from new by us.

Reservation
When buying a new home from us you will be asked for a reservation fee to secure your chosen property whilst the sale proceeds. The fee is £1000.00. We will not offer the home to anybody else during the reservation period. In that time, you must demonstrate that you are able to continue with your purchase by providing all the supporting documents that we need. Within the reservation period you should have begun your formal mortgage application and be ready to instruct a solicitor.
If you change your mind after solicitors have been instructed, your reservation fee will be lost as it is non-refundable and this will cover the costs we have incurred.

Scheme
We may refer to your home as being part of a scheme. A scheme is another word for development and is usually a self-contained group of houses or apartments that we manage.

Service Charge
Service charges apply to most shared ownership properties. The charge usually covers buildings insurance and where applicable a management fee. If your home receives services such as the maintenance and cleaning of communal areas, gardening or lift maintenance, the cost of these will also be included. Where the charge is for more than a management fee and insurance, you will receive an annual set of accounts to show how the service charges on the development have been spent.

Shared Ownership
Shared Ownership is a government backed scheme aimed at helping people who want to become homeowners but cannot afford to buy a property outright on the open market in their local community. It can be a stepping stone to owning your home outright as you can usually buy more shares of the property in the future subject to the terms of your Shared Ownership Lease.

Sinking Fund
A sinking fund is money set aside for the replacement of major components on an individual development such as windows or a roof.
Rather than collect an amount each month to cover these costs through the service charge, many leases require a sinking fund payment to be made when you sell the property. The lease will state how this amount will be calculated, but it is usually based on a percentage of the sale price and how long you have owned the property. Some developments pay as they go by making a contribution to the fund through the service charge.
A sinking fund is necessary to ensure that the costs of major renewals and replacements are paid equally by all generations of residents. The money in the sinking fund is held in trust in a bank account on the development's behalf.

Staircasing
After your initial purchase you can usually buy further shares in your home. Many of our properties can eventually be bought outright, this is called staircasing. The extra share you buy could be 10%, 75% or somewhere in between, depending on your Lease. The price of the extra shares is determined by a market valuation taken at the time you wish to buy them. You will need to pay for a RICS valuation (carried out by a Surveyor with a Royal Institute of Charted Surveyors qualification) and our fees, as well as your own legal fees when you staircase. Where we are the freeholder of a property, this will usually be transferred over to you when you have purchased 100% ownership.

Stamp Duty Land Tax (SDLT)
Stamp Duty is a government tax payable when you purchase a property. Different terms can apply on shared ownership properties and in different parts of the country. You should speak to your solicitor who will advise you what you will have to pay, if anything.

Supporting Documents
Where applicable we request 3 months' wage slips, a recent bank statement, and proof of any other income and proof of savings. If you have a house to sell, we will also ask for evidence of your offer of purchase and what money you are likely to receive when it sells. We use this information to assess whether the new property you are buying is affordable and that it supports the information you have given us on your application.

Survey/RICS Survey
All surveys and valuations must be carried out by a surveyor who is a member of the Royal Institute of Chartered Surveyors (RICS). This is often a requirement of the Lease and is common practice with shared ownership.

If you have been unable to find what you were for looking then please contact our Customer Experience Hub on 0345 305 5335.

Frequently Asked Questions

Who is responsible for repairs of my shared ownership property?

All repairs and maintenance to the home are your responsibility, regardless of the share you own. Most brand new homes come with a 1 year warranty period for defects and a longer warranty to cover any structural problems caused by poor workmanship. When you buy a flat, Johnnie Johnson Housing (JJH) will generally be responsible for any communal parts of the building and grounds and you will be responsible for all repairs and maintenance to your own flat. You pay a service charge to JJH which is used to cover the costs of maintenance and decoration to communal areas.

Can I decorate my shared ownership home?

You are free to decorate your shared ownership property. JJH will not contribute to decorative improvements. Your shared ownership lease should have details about major alterations to the property, e.g. new flooring, structural changes, which will have to be authorised by JJH before work commences.

What does 'leasehold' mean?

Leasehold ownership of a flat or house is simply a long tenancy, the right to occupation and use of the flat or house for a long period – the 'term' of the lease. This will usually be for 99 or 125 years and the flat or house can be bought and sold during that term. The term is fixed at the beginning and so decreases in length year by year. Thus, if it were not for inflation, the value of the flat or house would diminish over time until the eventual expiry of the lease, when the flat returns to the landlord (although an assured tenancy would then become a possibility).

The leasehold ownership of a flat usually relates to everything within the four walls of the flat, including floorboards and plaster to walls and ceiling, but does not usually include the external or structural walls. The structure and common parts of the building and the land it stands on are usually owned by the freeholder, who is also the landlord. The freeholder is responsible for the maintenance and repair of the building. The costs for doing so are recoverable through the service charges and billed to the leaseholders. A leasehold ownership of a house usually relates to the whole building both internal and external and possibly a garden and driveway. Typically a leaseholder of a house would be responsible for the repair and maintenance of the whole building.

What is a shared ownership lease?

The shared ownership lease sets out the rights and obligations of both the landlord (i.e. JJH) and tenant (i.e. the shared owner). JJH has a contractual right to ensure that the shared owner complies with the terms of the lease. A shared ownership lease is where the leaseholder has purchased a share in the equity and pays rent on that share retained by the landlord.

Typically a shared ownership leaseholder will own 25%, 50% or 75% of the property and pay rent on that part of the property owned by the landlord. The actual proportion owned by the leaseholder and the landlord can vary from the examples above.

Can I sub-let my shared ownership property?

No, shared ownership leases do not allow you to sublet your home. This may also be a condition of the mortgage. In some cases, under exceptional circumstances, you may be able to sublet for a specified period. You will be required to obtain written permission from JJH

Can I take a lodger when I own a shared ownership property?

You should check with JJH first when purchasing the property, but most shared ownership leases allow this. Please note, the income you will gain from taking a lodger will not be taken into account when assessing your affordability for a property, you must be able to afford to purchase the property and make the monthly costs independently of the income from a lodger.

Shared ownership lease – Who is responsible for repairs and maintenance of communal areas?

If you live in a flat, you will usually be responsible for repairs inside your home, and the housing association will be responsible for repairs and maintenance of the structure of the building and any communal areas (e.g. lifts, corridors, shared external areas).

What do I do if I have trouble paying my mortgage or rent for my shared ownership property?

If you are struggling to make your monthly payments you should let your lender and JJH know. Your housing association will try and help you manage your situation. If necessary, and if no other recourse is available, you may have to sell your property.

Can the housing association increase the rent on my shared ownership property?

Yes, the rent paid to JJH on the share not owned by you will be reviewed periodically, usually every year, and will be increased in line with any proportionate increase in the Retail Prices Index plus an amount, typically between 0.5% and 2%. Note that the rent is reviewed on an "upwards only" basis and will not go down when reviewed. You should always check the terms of your lease carefully before you purchase a shared ownership property for details of possible rent increases.

Can I make adaptations / alterations to my shared ownership property?

You should check the terms of your lease. You must have JJH's permission in writing before you make any alterations to your property.

Can I have a cat or dog in my shared ownership property?

You need to ask for permission from JJH at an early stage of the purchase process. If the property does not have a shared communal area you may be allowed to keep a pet subject to approval by JJH. If the property is in a block of flats and has shared communal areas you will not be allowed to keep pets.

Who is responsible for building and contents insurance for my shared ownership property?

Buildings insurance is be the responsibility of the Freeholder – quite often the housing association. The cost will often be included in the service charge. Contents insurance, which covers all your furniture, carpets, white goods and personal belongings, is the responsibility of the person living in the property – it is not compulsory to purchase but it is advisable.

How do I know if I am eligible for shared ownership?

You should always check the eligibility required with the housing association selling the property, as they may have specific criteria.

- You must be at least 18 years old
- Your annual household income must be less than £80,000
- You should generally be a first time buyer, i.e. you don't already own a home. If you do already own, you must be in the process of selling it
- You should not be able to afford to buy a home suitable for your housing needs on the open market
- You must show you are not in mortgage or rent arrears
- You must be able to demonstrate that you have a good credit history (no bad debts or County Court Judgements) and can afford the regular payments and costs involved in buying a home
- You should have savings or to be able to easily access at least £4,000 to cover the costs of buying a home. This is a guideline figure – the actual amount you need will depend on the Help to Buy option you choose
- In most cases you will also need to have enough savings or be able to easily access a minimum 5-10% of the equity share you are buying, as a deposit.