

## **What is shared ownership?**

Shared ownership gives you the opportunity to purchase a share in a property. You pay a mortgage on the share you own, in most cases, and pay rent on the remaining share. Because you only need a mortgage for the share you are purchasing, the amount of money required for a deposit is a lot lower when compared to the amount that would be required when purchasing outright.

The purchaser has the option to increase his share during their time in the property via a process known as 'staircasing', thereby owning the property outright.

## **Who can buy a shared ownership property?**

Depending on your circumstances shared ownership may be for you.

The scheme is intended for people who cannot afford to buy a suitable home in any other way. So you may be a first time buyer, looking for a perfect home for your growing family or following a relationship breakdown, looking to down size with a large deposit, or recently promoted.

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

To be eligible for shared ownership you:-

- Need to be over the age of 18
- Be unable to buy on the open market
- Not already own a property (unless in exceptional circumstances)
- Be able to raise a mortgage to cover the share you wish to purchase
- Be able to afford to pay the remaining rent and bills etc.
- Have enough saved to cover the mortgage and legal fees and any additional moving costs
- Have no more than £15,000 unsecured debt
- Be registered on HomeChoice plus Housing Register <https://www.homechoiceplus.org.uk/HouseholdRegistrationForm>
- Have your eligibility confirmed at Help to Buy <https://www.helptobuyagent2.org.uk/>
- Meet eligibility criteria if a local connection is required for specified properties
- Do not already own a property

## **I am self-employed - Am I eligible for shared ownership?**

As long as you can show at least three years of self-employed accounts, you should be able to obtain a mortgage (providing your income is sufficient).

## **How do I apply for a Shared Ownership home?**

A Shared Ownership application will need to be completed together with an income and expenditure statement. You will also need to produce various documents to support your application. Incomplete applications will not be accepted. Applications will be assessed on a "first come first served" basis.

The application will be assessed which normally takes around 1 week. If you are successful we will require a £200 reservation fee which will reserve your property.

## **I own a property which is currently up for sale - Am I eligible for shared ownership?**

To be eligible you will need to show that your current property is unsuitable for you. Existing home owners must have sold (sold subject to contract) the property before they can apply for a property.

## **How do I finance a shared ownership property purchase?**

To purchase a shared ownership property you will need to have access to a sum of money to use as the deposit, to cover solicitor's fees and any other costs that come with purchasing a property. Normally you will then need to take out a mortgage to pay for the rest of your share.

## **Where do I start looking for a shared ownership mortgage?**

You can approach a High Street Lender, Bank or Building Society, a financial advisor or an internet based mortgage site. A list of mortgage providers is included in this pack.

### **What is the minimum deposit I will need for a shared ownership property?**

This depends on the full market value of the property and the size of the share you are purchasing. The benefit of shared ownership is that the deposit required will be significantly lower than if you were purchasing the property outright because you only need a deposit on the share you are purchasing. Generally, shared ownership deposits are between 5% and 20%.

### **What size share can I purchase in a shared ownership property?**

The minimum share we allow you to purchase is 40% and the maximum share is 75%.

### **Can I purchase a 100% share straight away?**

No, if you can afford to purchase 100% of the property then you do not qualify for shared ownership and you should look in the outright sale market.

### **Leases**

When you purchase through shared ownership, we will grant you a lease which sets out your rights and responsibilities and also those of Community Housing. The lease is a legally binding document.

The lease is usually granted for 99 years and it will entitle you to live in your home as an owner occupier. It allows you to buy further shares in your property and sell your property. It also sets out who is responsible for the repairs and maintenance and payment of rent and service charges. The lease does provide for an annual rent increase.

The lease can be terminated if you fail to comply with your responsibilities and you should ensure that your solicitor explains this fully to you.

### **Rent**

Your rent is paid monthly by Direct Debit and includes service charges, if applicable, and building insurance.

### **How much rent will I have to pay if I purchase a shared ownership property?**

The amount of rent will vary for each home depending on the share you buy and the value of your property when you buy it.

### **What is staircasing?**

Once you have lived in your home for a certain period of time you can buy further shares in your property. This process is known as staircasing, enabling you to own a greater proportion of your home.

The greater the share you buy in your home the less rent you will pay. You will be able to staircase as and when you can afford from a minimum of 10% tranches. If you staircase to 100% you become an outright owner, and pay no rent but service charges may be applicable.

### **What is a 'resale' shared ownership property?**

Resales are shared ownership properties where the current owner is selling their share. With resale properties, the minimum share will be whatever the seller has purchased. So, if the seller had a 70% share in their shared ownership property, the minimum share will be 70%.

### **What about repairs and improvements to my home?**

You will be responsible for all repairs and maintenance to your property. Should you wish to make any alterations or improvements, such as build a conservatory, you will have to ask our permission before any work is undertaken.

### **Can I sell my share if I want to move?**

You can sell your share, at any time, to someone else as long as they qualify for a shared ownership home.