

A Guide to Shared Ownership

What is shared ownership?

Shared ownership is a home ownership scheme. It is designed to help people unable to purchase a home outright get on the property ladder. Based on your household income and lifestyle, you can purchase as little as a 25% share in a property and pay a subsidised rent on the remaining share. Later, you can increase your share all the way to 100% and outright ownership (some properties may be exempt from outright purchase).

How does it work?

The minimum share you can buy is 25% of the full market value up to a maximum of 75%, although most of our schemes are sold on a minimum 50% share basis. By initially buying a share, the total monthly mortgage and rent cost is typically less than renting a similar property privately. As your household income allows, you can purchase additional shares in increments of 10% or more.

Am I eligible for shared ownership?

- Your gross household income cannot be above a certain amount per year
- You must have funds available to cover legal/mortgage fees and a deposit
- You do not own or have a mortgage on any other property. You must be approved by Help to Buy
- You meet the income criteria for the development/property you are interested in
- Your income is not enough to purchase a suitable property outright
- You must be employed and have a contract for at least six months
- If self-employed you will require two years' audited accounts
- Any County Court Judgment made against you has been satisfied

- You must hold a British or EU passport, or your passport should be stamped with either 'indefinite right to enter' or right to abode'
- Existing homeowners in the process of disposing of their interest in another property with a housing need approved by the Local Authority where you are looking to buy
- Applicants with large savings but low income.

How are properties allocated?

If you are unable to afford to buy a home on the open market you could qualify for a shared ownership property. These are allocated according to the following priorities:

Priority will be given to serving members of the British Armed Forces and those honourably discharged in the last two years (or those who are the surviving partners of regular personnel who have died in service and applied within two years of bereavement)

First time buyers

Existing shared ownership owners

You will need to demonstrate to us that you meet any local connection required for the development/property you're interested in.

How much do I need to earn?

A minimum and maximum household income level will be required for each home, but this will vary depending on the price and locality of the property concerned. However, you should not be able to afford the property outright and you will be offered the maximum share you can afford to buy. Ideally your combined mortgage and rental payments should be approximately 45% net of your household income.

What about the lease?

The lease is normally 99 years and is based on a model lease published by the Homes and Communities Agency. It is a legally binding document between the landlord and the leaseholder and covers the rights and responsibilities of both parties, maintenance, rent, buying more shares and re-selling.

How do I obtain a mortgage?

When purchasing a shared ownership property, it is important to know that not all major lenders offer shared ownership mortgages so contact Try Financial Ltd to receive professional advice.

What costs are involved?

- Lenders arrangement fee
- Valuation fee
- Solicitor's fee
- Possible Stamp duty
- Deposit
- Reservation fee (new build Shared Ownership properties only)

When can I buy additional shares?

You may usually purchase additional shares in your home at any stage. The property will need to be valued by an independent chartered surveyor appointed on behalf of Flagship Homes to establish the current open market valuation. You will be required to pay the agreed proportion of the new valuation to Flagship, in addition to your own legal and mortgage fees.

With the exclusion of exempt properties, you may staircase to full ownership in multiples of at least 10% over four stages. Your monthly rent payment will decrease as you acquire additional shares in your home.

What if I wish to sell my home?

Whenever you decide the time is right to move, you must complete a re-sale request and specification form, provide a valuation carried out by an Independent Chartered Surveyor who must be a Royal Institute of Chartered Surveyors (RICS) accredited valuer, and an Energy Performance Certificate (EPC).

Each housing association rules may vary so you would need to check with them, but they would normally look to find a prospective buyer (a fee will be payable). After a designated time you can then market the property yourself but the buyer usually has to meet the housing association requirements.

What is a re-sale property?

These are where the current owner of a shared ownership property wishes to sell it on. You purchase the percentage share as owned by the existing leaseholder and you pay a subsidised rent on the remaining share to the housing association. There may be an option to buy a larger share, subject to an affordability check. After three months you have the option if you wish to purchase additional shares in the property known as staircasing.

Can I make improvements to my home?

You can, but you will need our consent first and you must ensure the relevant planning permission and building regulations are obtained. If the improvements add value to the property the housing association will take that into consideration when you sell your share or purchase extra shares in the property.

What responsibilities do I have as a leaseholder?

When you purchase through shared ownership you enter into a lease agreement with your housing association, which is normally 99 years long.

Your solicitor will explain your responsibilities but generally the main ones are:

- To pay rent, service charge, buildings insurance and administration fees on time.
- Not make any alterations to the structure of your property without our consent.
- To maintain and repair the interior of your home.
- To maintain and repair the exterior of your home (houses only).

What next

Contact the team at Try Financial on:

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Or

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