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## SHARED OWNERSHIP - A BEGINNERS GUIDE

### ABOUT THIS BOOKLET

Shared ownership helps people who cannot afford to buy a home of their own.

This booklet provides information about shared ownership. It explains how the scheme works, what is involved and what to do if you would like to buy a home through shared ownership.

The booklet also describes other options which might help tenants become home owners.

**(This scheme is available through existing shared ownership stock only)**

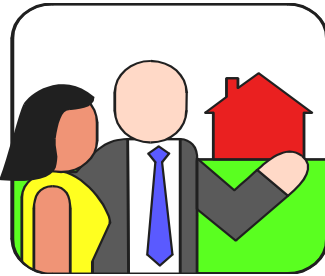
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## WHAT IS SHARED OWNERSHIP?

Shared ownership is an alternative to renting and full ownership. It is particularly suitable for people with a regular income who want to buy their own home but cannot afford to do so. With shared ownership you buy a share of your home and pay rent on the rest. Shared ownership does not mean that you share your home with someone else.

The total monthly costs of the rent and mortgage are lower than the cost of a mortgage needed to buy 100% of the same home. This is because shared ownership is supported by government money which reduces the rent.



### WHO CAN BECOME A SHARED OWNER?

- people who are unable to afford the full costs of outright ownership
- couples and families looking for their first home
- people who are able to obtain a mortgage or have available the capital sum

## HOW DOES SHARED OWNERSHIP WORK?

The size of share you buy starts at 40 - 50% of the value of the property. Shared owners pay a monthly rent in advance to the Association on the share which they have not bought.

For the share you buy, you will normally need a mortgage though you can pay cash for your share if you have it (for example, if you have money from an inheritance).

Mortgages are available from building societies and banks. You will need to visit one (or more) to find how much they will lend you.

You may be able to get a 100% mortgage. If not, you will need to find a small deposit (usually 5% of the value of the share you are buying).

## HOW MUCH DOES SHARED OWNERSHIP COST?

The exact amount paid out each month will depend on a number of things such as the price of the property, the size of the share you buy, the rent and mortgage costs. The larger the property, the higher the monthly costs of the combined mortgage and rent payments.

This is an **approximate** guide to how much you might expect to pay per month under shared ownership.

House	Share	Price	Mortgage	Rent	Total
£	%	£	£	£	£
100,000	40	40,000	312	130	442
110,000	40	44,000	343	140	483
120,000	40	48,000	374	150	524

### Notes:

Approximate basic monthly mortgage based on:

- 100% repayment mortgage at 8%
- 25 year mortgage

These figures are **only a guide**, the Association will inform you what your rent will be and your mortgage lender will let you know the monthly cost of your mortgage.

## WHAT COSTS ARE INVOLVED IN BECOMING A SHARED OWNER?

As with buying a house on your own, becoming a shared owner involves certain costs. Some costs you will only have to pay once. Others you will have to pay regularly, usually monthly.

### Costs when you buy

- legal fees (for your solicitor or conveyancer)
- valuation fees (for a survey of your home required by banks and building societies)
- any mortgage arrangement charges (check with your lender, the bank or building society)

- any deposit made (which will reduce your monthly costs)

### **Moving costs**

These might include

- moving expenses
- possibly some fittings or furniture

### **Don't forget once you've moved in there are everyday living costs**

- rent
- mortgage payments
- any mortgage protection policy (to insure against unemployment)
- contents insurance (for your belongings, furniture, carpets etc.)
- council tax
- all gas, electricity, water and telephone charges
- other normal household bills (e.g. TV licence)
- all repairs, decoration and maintenance costs, as a shared owner you are responsible for these

### **CAN I BUY A BIGGER SHARE OF MY HOME?**

Usually, a year after you buy your home you can increase your share. This is known as staircasing. With staircasing you could become the outright owner of your home. Each time you must buy at least 20% or 25% (depending on original share percentage) more of your share. The share you purchase will cost a percentage of the market value of the property at that time.

Each time you increase your share, your rental payments will be reduced. But, if you pay for your additional share with an increased mortgage, your monthly mortgage repayments will go up. Usually, the purchase of extra shares means that the total of your rent and mortgage payments goes up. However, you do not have to increase your share, it is entirely up to you. Shared ownership is flexible and allows you to choose if and when you want to increase your level of ownership.

## **WHAT HAPPENS WHEN I WANT TO MOVE?**

It is no different from moving when you own your home outright. The first step is to advise the Association that you wish to sell your share. Once a value is agreed, the Association will market your share to other shared owners on their current waiting list. The Association will charge a fee of circa £150 plus VAT for this service (subject to review).

If the Association does not nominate a purchaser within a reasonable period, you may then sell your property on the open market, probably through an estate agent. However, at this point an independent valuation will have to be carried out the cost of which is the responsibility of the shared owner.

When you decide you want to move the Association will explain how this operates in more detail. In practice, shared owners find selling their home no more complicated than it would be if they owned it outright.

## **WHO BENEFITS FROM ANY INCREASE IN VALUE WHEN I SELL?**

You, as the shared owner, benefit from any increase in value of the property on the share you own. If the value of your home had increased by £5,000 and you owned 40%, your share of the increase would be £2,000.

But house prices can fall as well as rise. If this happens, you will have to bear a share of the loss.

## **OTHER QUESTIONS ABOUT SHARED OWNERSHIP**

### **1. Can I alter or improve my home?**

Yes, but you must get written consent from the Association before you make any alteration or addition to your home. You may also need to get permission from your mortgage lender. You will pay all the costs of any alteration or addition. However, if you sell your home, you only get your share of any increase in value.

### **2. Am I responsible for repairs, decoration and maintenance?**

Yes, as the shared owner, you are responsible for repairs, decoration and maintenance of your home and for any costs.

### **3. Is the shared owner responsible for building insurance?**

Usually not. This is covered by your rent. If you go on to become the outright owner, the responsibility for building insurance passes to you. House contents insurance is always the shared owner's responsibility.

### **4. Can I sub-let my home?**

Sub-letting your home will not be allowed.

## **WHAT DO I DO NEXT?**

If you are interested and want to find out more about shared ownership

### **1. Contact the Association to establish :**

- whether you qualify
- what properties are available in your area
- when you could purchase a property

## **2. Visit your bank or building society to:**

- discuss your wish to purchase a shared ownership property
- find out how much they will lend you
- find out about different mortgages

## **3. Speak to other professionals**

- solicitor to find out the legal requirements of purchasing a home
- licensed conveyancer instead of a solicitor
- speak to banks or building societies about different types of mortgages available

## **HOMEBUY OPTION**

**Homebuy Option** is another way to purchase your own home. (Not currently available through North Wales Housing Association).

This option would involve you in purchasing 70% of the value of the property, again through mortgage / capital, with the remaining 30% being an interest free loan from the housing association. This 30% would be repayable to the association at the time of you selling the property or you may pay off the loan and own the property outright. However, the loan value would be based on the value of the property at the time that you decide to sell or pay off the loan.

**REMEMBER YOUR CHANCE TO OWN YOUR OWN HOME  
COULD BE ONLY A PHONE CALL AWAY**

**FOR FURTHER INFORMATION PLEASE CONTACT  
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