

# Your Guide to Shared Ownership

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## What is Shared Ownership?

Shared ownership is a Government backed scheme which helps people to buy a share of a property that they would not be able to afford on the open market. As you are only buying a share, your required deposit will be smaller and your mortgage payments less. Rent is paid on the share still owned by the housing association which is calculated depending on the share that you own.

This enables more people to have the security and comfort of their own home and is usually a cheaper option than renting.

Shared ownership properties are available as newly built or previously owned. If you find a newly built property in the area which you wish to live, you can purchase as little as a 10% share. If you find a previously owned shared ownership property that you would like to purchase, the minimum share available is the share owned by the current shared owner, you can usually buy a higher share.

### Do I qualify?

Shared ownership is an option for a range of people – probably more than you may think! A smaller deposit makes it easier for first time buyers to get on the property ladder and it is an easier way for separated couples to buy a home again with their individual share of joint assets. Shared ownership can be a good option for retirees and cash can be used to purchase the share in some circumstances.

Generally:

### £80,000

Your household income needs to be less than £80,000

### Sell

You cannot own another property anywhere at the same time as a shared ownership property. If you do own another property the sale of this must complete before or at the same time that you purchase your shared ownership home.

### Afford

You will be required to complete an affordability assessment with our panel broker who can advise you of the highest affordable share. You will be required to provide supporting documents for the assessment.

### Deposit

You will need enough savings for the deposit required by your mortgage lender plus your moving costs and stamp duty if applicable.

# Jargon busting

## Share

A share is the percentage of a property you decide to buy.

## Housing Association

Housing Associations are not-for-profit companies set up to provide affordable homes. They offer Shared Ownership properties to help those who can't buy a home on the open market.

## Lease

The lease is the contract for the share you've bought. It states how much is yours, what you'll be paying, and what your responsibilities are.

## Staircasing

Staircasing means increasing the size of your share. You might start off with 25%, but gradually buy more shares to own 50%, 75% or even 100%.

## Mortgage

A mortgage is a loan taken out to buy a property. It's a fixed amount and must be paid back over a certain amount of years.

## Deposit

The sum of money you need to put down in order to secure your property, and essentially the first instalment towards buying it.

## Mortgage valuation

It's a report by the lender (the bank or building society that's lending you the money) which values your property and decides how much you can borrow to buy it.

## Service charge

Service charge is the money you'll need to pay to the Housing Association for things like communal maintenance and repairs.

## Resale

These are properties where an existing owner decides to move and sell their property.



## Where can I find shared homes for sale?

All of our shared ownership properties for sale are advertised on our [website](#) or [www.sharetobuy.com](http://www.sharetobuy.com).

You can find housing associations with properties for sale in different areas by searching on the Government website [here](#).

When selling new build shared ownership properties we often use a local estate agent who can advertise the properties on the open market through Rightmove, Zoopla etc and their own websites.

## Can I increase my shares?

The option for people to buy further shares in their home is known as 'Staircasing'. You are not obliged to purchase extra shares in your home but doing so will decrease the rent payable and increase your asset.

Usually you will be able to buy up to 100% shares of your home and own it outright. If you live in a house and you purchase 100% shares the Freehold of the property will be transferred to you. If you live in a flat, you will remain a Leaseholder.

Some leases restrict the maximum share that can be owned. Please ask your solicitor or housing association if you are unsure.

Please see our Guide to Staircasing for further information.





# I have found a CHS shared ownership property that I like, what do I do now?

Firstly we would recommend that you speak with a mortgage broker or financial advisor to confirm what price range of property you can afford, to avoid disappointment.

Once you have found a shared ownership property that you are interested in purchasing, you should register your interest with CHS by clicking 'register interest' on the advert. If the property is a new build, either the appointed estate agent or CHS will be in contact to arrange a viewing. If the property is a resale (previously owned) CHS will send your contact details to the current shared owner and ask them to arrange a mutually convenient viewing time directly with you.

Once you have viewed and would like to proceed to purchase the shared ownership property, you should let CHS know and we will send you the information on how to complete your affordability assessment with our panel broker. Once you have completed and passed your full affordability assessment including providing supporting documentation, we can approve you as the buyer.

We recommend contacting 2-3 solicitor's firms for quotes to act on your behalf in the purchase, ensuring that they are experienced with shared ownership.

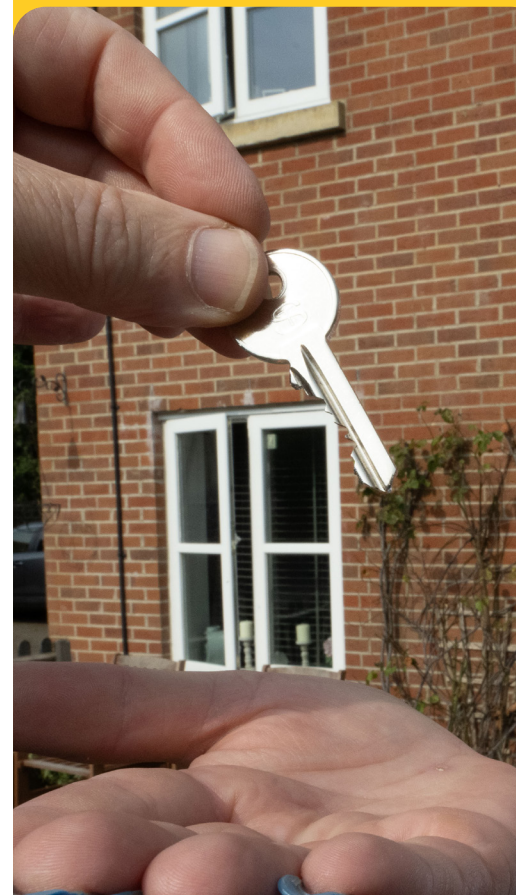
## Next steps

Once you have been approved as the buyer of your chosen shared ownership property, we will remove the property listing and instruct our solicitor.

Our solicitor will liaise directly with yours and the seller's answering any enquiries and providing requested documentation up until completion of the sale.

You should refer any enquiries to your solicitor and request regular progress updates from them.

Once you have a completion date you can arrange your removals company to transfer your belongings if necessary to your new home. You will need to arrange key handover with the previous shared owner.



# Costs



## Reservation Fee

If you purchase a new build shared ownership home, you will be required to pay a £500 reservation fee. This will reserve the property for you for 6 weeks while your solicitors complete the legal work to be able to exchange contracts. The fee is non-refundable if the sale does not complete but will be deducted from the final purchase price on completion. A reservation fee is not applicable on shared ownership resale properties.

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## Legal Fees

We recommend getting quotes from 2-3 solicitor's firms who are experienced in shared ownership purchases. The legal fees are payable to your solicitor for acting on your behalf in the purchase and these will cover the cost of preparing and reviewing legal documents, raising enquiries, Land Registry fees, search fees and any other relative costs.

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## Stamp Duty

Depending on the cost of the share bought, the purchase of a shared ownership property may incur Stamp Duty Land Tax payable by the purchaser on completion. Your solicitor should be able to provide guidance on the expected cost.

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## Furnishings and Removals

You will need to furnish your new home and arrange for your belongings to be moved in to the property.

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## Mortgage Costs

Unless you are a cash buyer, you will need to arrange a mortgage to purchase the share of the property that you are purchasing. The deposit payable will depend on the mortgage product and the cost of the share. There may be costs involved with arranging the mortgage and a mortgage valuation survey, your mortgage broker or lender can advise. We recommend speaking with a free of charge mortgage advisor prior to beginning your search for a shared ownership property.

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## After your purchase has completed

- Mortgage repayments
- Rent payments to CHS group – monthly payments which will be reviewed annually and increased as per the terms of your lease.
- Service charges – payable for the maintenance of communal areas. These could include gardening, parking areas not belonging to your property, cleaning, lighting and buildings insurance and any other relative charges.
- Council tax
- Utilities: gas, electricity, water, telephone, TV, internet
- Contents insurance
- Any repair or redecoration costs for your home

# Your responsibilities and restrictions

## Insurance

We will insure the structure of your home, the cost of which will be charged through your service charge. You will need to arrange contents insurance policy to cover the fixtures, fittings and furniture within your home.

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## Utilities

On the day that you move in to your new home, please take all meter readings (gas, electricity, water) and contact the utility companies to set up your accounts. Please contact the local authority to inform them of the date that you moved in to the property.

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## Redecoration and repairs

You can decorate your home as you please. You are responsible for any repairs to the internal parts of your home. If any damage is caused to communal areas outside your home, please inform CHS Group.

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## Restrictions

Your lease will note all restrictions on your use of the property which will include, along with others:

- Your shared ownership home must be your principal home and you cannot sub-let the property. You may be able to let a room in your home as long as you still live there but you will need CHS Group's permission.
- You will need CHS Group's permission to keep pets, this is usually prohibited in flats.
- Structural and non-structural alterations both internal and external require the permission of CHS Group. Some alterations/additions may not be permitted by your lease.

Please ask your solicitor to explain your responsibilities and restrictions as per the lease.



### Where to go for further information

For further information and advice on Shared Ownership please contact CHS Group Customer Services on:



**0300 111 3555**



Or visit our website  
**[www.chsgroup.org.uk](http://www.chsgroup.org.uk)**





[www.chsgroup.org.uk](http://www.chsgroup.org.uk)

[info@chsgroup.org.uk](mailto:info@chsgroup.org.uk)

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