



# What is Shared Ownership?

A guide to owning your first affordable home.

  
**Countrywide**  
integrated solutions local expertise



## What is Shared Ownership?

Shared Ownership is a government-backed scheme that has been around for more than 35 years and has helped over 200,000 people buy a home. With Shared Ownership you can buy a home that otherwise might have seemed out of reach, so you can put down roots. Better still, it's usually cheaper than renting.

## How does it work?

With Shared Ownership you buy a percentage of the home's overall value. You can buy between a **25%** and **75%** share to start with, and you must always buy the maximum you can afford. You pay rent on the share you don't buy. The rent increases annually, but is always subsidised and is worked out using a percentage of the value of the share you don't own.

If you're looking to buy with Shared Ownership you'll need a mortgage in the same way you would if you were buying on the open market. Shared Ownership mortgages are available from most mortgage lenders, who will lend to you if you have a 5% deposit or greater.

**This means that you could buy your dream home, in your dream area, without needing a big deposit or big salary.**

### Example: Shared ownership on a £300,000 property

This is Brian



Brian buys 40% = £120,000

Brian rents 60% = £180,000



- Brian buys **40%** of a house worth **£300,000**
- He buys his **40%** share at the value of **£120,000**
- His rent will be around **£300pm**



## Are you eligible?

There are two things to think about when looking into Shared Ownership:

- You must earn less than £80,000 a year, per household (£90,000 if you're in London).
- You must be a first-time buyer, or no longer have your name attached to a house (if you are selling your home at the moment, speak to your provider, they will be able to advise you).





# Why Buy Shared Ownership?

Shared Ownership is the perfect way to get on to the housing ladder if your finances mean that your housing needs and your current situation don't quite match. It also means you'll have more choice when it comes to the size of your new home, and the area you buy in.

Being able to buy a smaller share of a more expensive home means more people can afford to buy in the area they want to live, and can find a home that perfectly suits the needs of their family circumstances, without requiring a large deposit or a large salary.







# Understanding the Shared Ownership Journey

**While every housing provider will have a slightly different way of working, the journey for buying a Shared Ownership home usually follows the same route.**

## 1. Is Shared Ownership for you?

Shared Ownership isn't for everyone, but if you have a household income of less than £80,000 (£90,000 in London), are a first-time buyer, used to own a home but can't afford one now or are an existing shared owner, then Shared Ownership could be for you!

## 2. Apply for Shared Ownership

If you are interested in applying for a Shared Ownership home you must first register with a Help to Buy agent. They will then see if you are eligible to apply, and support you with the application process. Just ask us for guidance on how to do this and who to contact and we will help.

## 3. Speak to a Shared Ownership Mortgage Advisor

We work with the Mortgage Bureau, a dedicated shared ownership mortgage team working with Housing Associations throughout the country. Our team of experts will work out what percentage share of the home you could afford and will help guide you through the costs of turning the dream into a reality.

## 4. Find Your Home

Once you have found a development and a home that suits your needs, you will need to discuss what is available with our friendly sales team.

## 5. Book a viewing

Once you know what share you can buy, book a viewing and see the house for yourself. Remember some new developments will be sold off-plan (before they are built), if this is the case the sales team should provide enough information so you know what you will be buying.

### Reminder

You will need to be approved by "Help to Buy" to buy a Shared Ownership home. The details for the website for your area are below.

[www.helptobuyagent1.org.uk](http://www.helptobuyagent1.org.uk) – North of England

[www.helptobuyagent2.org.uk](http://www.helptobuyagent2.org.uk) – Midlands and London

[www.helptobuyagent3.org.uk](http://www.helptobuyagent3.org.uk) – South of England

## 6. Reserve

You've fallen in love with your beautiful new home and want to move in! Secure your home with a small deposit to confirm the sale. This varies, but is normally between £500 and £1,000.

## 7. Instruct Solicitors

Now you've reserved, this is where the ball starts rolling. You need to instruct a solicitor to start the sales process. Also let your mortgage advisor know you have reserved so they can start to organise your mortgage.

## 8. Exchange Contracts

Your solicitors will have done their work and all the legal paperwork will be completed. Exchanging contracts means that you are legally committed to buying your home.

## 9. Completion

Exchange has happened and the solicitors will have agreed a date for completion. This is the day the keys get handed over to you and the home is legally yours.

**Sounds complicated? – Don't worry, we and our panel of expert mortgage and legal advisors can help you on your way.**



## What costs are involved when buying my dream home using Shared Ownership?

### Solicitors

You will always need a solicitor when it comes to buying a home. Solicitors should charge around £1,000 to £1,500. Speak to us about our recommended solicitors as it always helps to have a solicitor who is confident with Shared Ownership.

### Reservation

To secure your home, you will need to pay a reservation fee. This price can vary depending on the housing provider and the area that you're buying in, but is normally between £500 and £1,000, which we can advise you.

### Stamp Duty

Stamp Duty Land Tax, often referred to as SDLT or simply as Stamp Duty, is a government tax that all homeowners have to pay if they are buying a home over a certain value. With Shared Ownership it can normally be deferred until your share reaches 80%. Our advice is always speak to your solicitor regarding if and how much you need to pay. The value of the home you are buying and the price of your share will determine if, and what, you have to pay.

### Deposit

When buying a Shared Ownership home you will need to make sure you have enough savings to get a mortgage. The minimum deposit you will need is 5% of the share you are buying.

### Service Charges

It is common for your new Shared Ownership home to have a service charge. Typically service charges are between £30 and £50 a month for houses, for apartments this can vary depending on what facilities the apartment building may have. Don't worry, we can advise you on what the service charges will be for your new home.

**Service charges are normally made up of three parts:**



Buildings insurance  
(you will still need contents insurance)  
This covers the cost of repairing any damage, should it occur, to the structure of your property



Rent collection  
This covers administration costs for collecting the rent each month



Third party management fees – normally a new build site has a management company that maintains green areas and communal areas. Maintenance fees help to keep the development looking its best



# What is Staircasing?

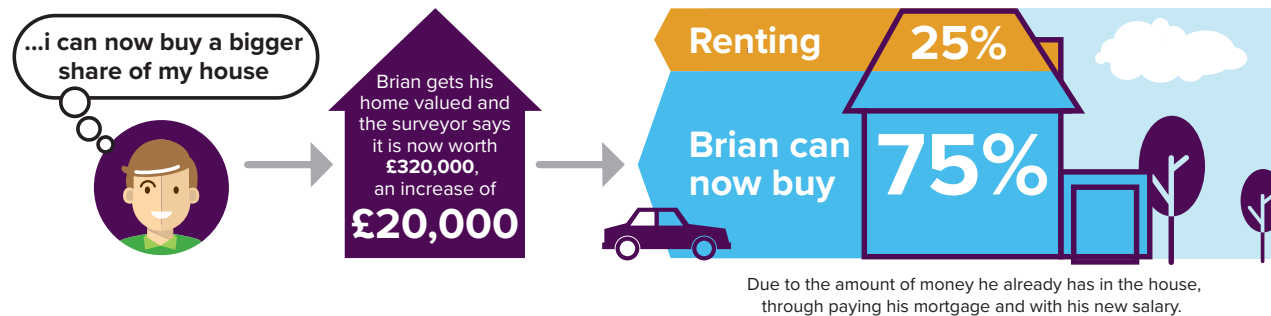
**Staircasing is the process of buying more shares of your home after you have moved in. It's a simple process but there are a few important things you need to know. Staircasing is a legal process and does have costs involved, you should always check with your provider for specific cost breakdowns.**

When Staircasing it is important to remember that you will be buying more shares of the home, at its value when you decide to staircase – not at the value you initially bought the home for.

- There is no time frame; you can buy another share whenever you want.
- You can normally buy 100% of the home; at this point you own the home entirely. If you are buying a house you will then own the freehold.
- Sometimes local councils will not allow housing associations to sell 100% of properties, so make sure you check this.
- There is no pressure to buy a bigger share. If you are happy with your set-up there is no obligation to buy more.



**Brian gets a promotion at work and now gets a larger salary. In that same year his mortgage is due for renewal, he tells his mortgage broker that he has got a better salary and...**



**Brian calls his housing provider and asks them to start the process. They tell Brian he will need to instruct his solicitor again as his lease will have to change.**

## What happens when I sell my Shared Ownership home?

You can sell your home whenever you want or need to, you just need to let your housing provider know. Every housing provider will differ in their process, however they will all look something like this:

Once you have told the housing provider you want to sell, you need to arrange a valuation and agree a market price with your provider.

Your provider will try and find a new buyer for you within a certain time frame. This is normally between 6 and 8 weeks.

If they haven't found a new buyer in that time, you can then sell it on the open market with an estate agent.

Always speak to your provider about costs related to sales.

## Shared Ownership FAQs

### • Does Shared Ownership mean I will be sharing the house with someone else?

Shared Ownership is the same as buying a home on the open market. You buy a share, but the house is yours. No one comes to check up on you, you are treated as a homeowner. The only difference is the housing provider you buy the home from owns the share you haven't bought.

### • Can I buy 100% of the home at any point?

Yes you can, as long as your lease allows it. Initially you buy a share of between **25% - 75%**, then at any point after you've moved in you can buy more shares. This is called "staircasing" and is explained in more detail on the opposite page.

### • Can I change the home or do I need permission?

Absolutely, you can decorate it how you like, remember it is your home after all. Just remember that if you ever want to sell, it needs to be in a sellable condition. So maybe think twice before painting the ceilings bright green with pink spots!

