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CHS GROUP

housing, care, and community services in Cambridgeshire



Your Guide to Shared Ownership



What is Shared Ownership?



Shared Ownership is another way to buy your home. You buy a percentage and pay rent on the rest. The housing association owns part of it, but if you're living there you decorate it, and you decide when to sell.

Buying a percentage means a smaller deposit and smaller mortgage. It's a quicker first step on the ladder for lots of people. Usually, you can also carry on buying shares to own it 100%.

Shared Ownership is part buy, part rent. This means you will have a mortgage on the share you own and pay rent on the remaining share at a reduced rate.

For instance, if you buy a 25% share of the property, you'll pay a mortgage on the 25% share and rent on the remaining 75% share. Usually, you can also carry on buying shares to own it 100%.

You'll have a lease, which is essentially the contract for the share you've bought. It means you've got the right to keep your home for a certain number of years (usually at least 125), but the land belongs to someone else. Your lease sets out your responsibilities while living there and all the details of your agreement with us. Make sure you go through it and ask lots of questions. Your solicitor can help you with this.



Do I qualify?

Shared Ownership is an option for lots of people — probably more than you think. A smaller deposit makes it easier for first-time buyers to get on the ladder, and it's an easier way for separated couples to buy again with their individual share of joint assets.

Shared Ownership is also a good option for retirees, or those who want to free up equity without losing the security of owning a home.

Generally:

- Your household income needs to be under £80k.
- If you own a property, you will need to sell this before you complete your Shared Ownership purchase.
- You'll need to show you can afford the regular payments and costs involved in buying a home.
- You should have savings, or be able to put down at least 5-10% deposit on the share of the property you're buying.

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.



Resales

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



Where can I find Shared Ownership homes?



All our Shared Ownership homes, including both newly built and resales are advertised on the relevant Help to Buy website for the area.

We also use estate agents to assist in selling our new Shared Ownership homes, so these can also be advertised on online portals, social media and newspaper / magazines.



Can I increase my share to 100%?



The option for people to buy further shares is known as 'Staircasing'. While there is no obligation on you to do this, you can increase your stake in a home and reduce the amount of rent payable.

Any restrictions on staircasing will be set out in your lease and in certain areas this may be capped at 80%. Generally, you will be entitled to purchase

additional shares up to a maximum of either 80% or 100% shortly after you have completed on your purchase.

If you staircase, the rent payable on the unsold equity will be adjusted accordingly, but you may still pay a service charge.

What paperwork will I need?



- Evidence of your deposit funds (bank statement)
- Mortgage in Principle
- Help to Buy Approval Number (applications via Help to Buy agent)
- Proof of income (payslip or employer letter)
- Completed Affordability Calculator
- Your Solicitors details (full contact details)
- Photographic ID (passport or driving licence)
- Proof of address
- Proof of local connection (May be required)



If you have any questions, you can contact us at **info@candcd.co.uk**



Next steps

Once all paperwork has been received and approved by us, we will remove the property from sale and instruct our solicitors.

The solicitors will then liaise directly with yours, up until completion of the sale.

You should refer any enquiries directly to your solicitors. If they cannot answer, they will get in touch with ours for clarification.



Costs



Reservation Fee

If you purchase a new Shared Ownership home, you will be required to pay a reservation fee to finalise the reservation. The fee is deducted from the final purchase price and is usually £500.



Legal Fees

These are payable to a solicitor who carries out legal work on your behalf. This should cover the cost of preparing and reviewing the legal documents, Land Registry fees, search fees and other costs. Some mortgage lenders will offer legal services as well. Please ensure your solicitor is experienced with Shared Ownership.



Stamp Duty

The purchase of a Shared Ownership property may incur Stamp Duty Land Tax payable by the purchaser at completion. Your solicitor should provide guidance on this potential payment.



Furnishings and Removals

You will need to furnish your new home and arrange for your furniture and effects to be moved into the property.



Mortgage Costs

High street banks and building societies lend money to finance the purchase of Shared Ownership properties. You will need to arrange a mortgage for the share you are purchasing, reflecting the size of your deposit and the terms you are seeking. There may be costs involved with arranging the mortgage and a valuation survey. Taking advice from an Independent Financial Advisor may be worthwhile.



After completion

- Mortgage repayments.
- Rent payments – Payable monthly and reviewed on annual basis as set out in your lease.
- Service charge payments – May include buildings insurance, maintenance of communal and parking areas, gardening, cleaning and lighting, and contribution to long term funds for major maintenance.
- Council tax.
- Utilities: gas, water, electricity, telephone, TV and internet.
- Contents insurance.
- Repair and redecoration costs.

Responsibilities/ Restrictions



Insurance

We will insure the structure of your home and you will be charged the cost of the premium as part of the service charge. You will need your own contents insurance policy in place to cover carpets, furniture and other belongings from the day of legal completion.

Redecoration / Repairs

This is your responsibility, but also means that you can decorate your home however you like. If you live in a flat, CHS are responsible for repairs to the structure of the building and any communal areas.

Restrictions

- Your shared ownership home must be your principal home and you cannot sub-let.
- You will need our permission to keep pets, which is usually prohibited in flats.
- Some alterations may not be allowed or you may need permission.
- Other obligations are set out in full in your lease.



Where to go for further information

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



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Or visit our website



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