



A guide to shared ownership





What is shared ownership?

Shared ownership, also known as part rent part buy, is a way to help people get onto the property ladder.

You buy a percentage of a house and pay rent to SHAL for the remaining share.

This means smaller deposits, smaller mortgage, and the rent you pay on the remaining share is charged at a discounted rate.

You can buy more shares as and when you can afford to, usually between 25%-75% and eventually up to 100%, in most cases, you can own your own home outright.

You will need to meet certain criteria in order to be eligible for shared ownership.

You will need to confirm that you can raise enough money (normally with a mortgage) to buy the share that you own.

You can find out more online at www.shal.org

How much does it cost?

You should think carefully about the costs involved in **becoming** a homeowner. These will include:

- Reservation fee
 - SHAL requires a reservation fee (usually £500) to secure your interest in the property
- Valuation fee
 - This is required by law and will determine the amount you pay for the property. The valuation must be carried out by a member of the Royal Institute of Chartered Surveyors. If you need a mortgage to buy your new home your lender will arrange this valuation for you
- Legal fees
 - Shop around for a solicitor as fees can vary. You should also ask if they have experience working with shared ownership leases
- Mortgage arrangement fee (if applicable)
 - This may be required by your lender. We recommend you use an independent financial advisor (IFA) when looking for your mortgage as they will give you the best advice
- Stamp duty



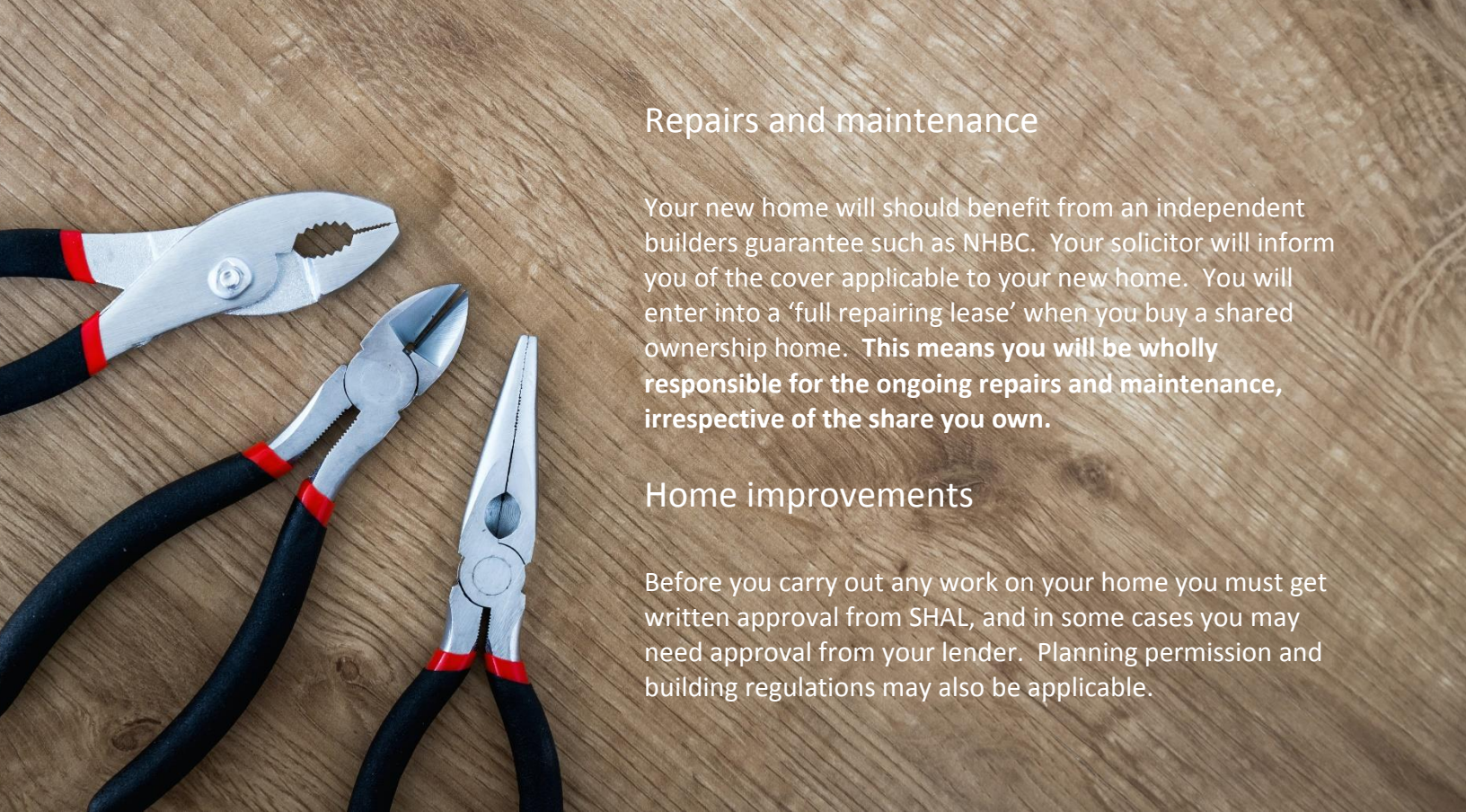
What are the ongoing costs?

As well as the costs involved in buying your home you'll need to think about the **ongoing costs** involved in living in your home. These include:

- Mortgage
 - The amount you pay each month depends on the size of your mortgage and the interest rate you pay
- Rent
 - Your lease will confirm the amount of rent you will pay SHAL each month. This will increase each year and we will explain this to you when you apply to buy your home
- Service charge
 - You may need to pay a service charge, or management company charge, especially if you are buying an apartment. Service charge budgets and accounts will be made available to you
- Insurance
 - SHAL will insure your home and recover the cost through your monthly rent payment. SHAL can provide details of the policy and the excess payable should you need to make a claim
 - You will need to take out your own policy to insure the contents of your home
- Utility bills
 - You will be responsible for all the utility bills such as gas, electric and water rates
- Council tax
 - You will be responsible for paying council tax to the local authority

It is important that you do not fall behind with any payments.

If you are having financial difficulties please talk to us to discuss your options.



Repairs and maintenance

Your new home will should benefit from an independent builders guarantee such as NHBC. Your solicitor will inform you of the cover applicable to your new home. You will enter into a 'full repairing lease' when you buy a shared ownership home. **This means you will be wholly responsible for the ongoing repairs and maintenance, irrespective of the share you own.**

Home improvements

Before you carry out any work on your home you must get written approval from SHAL, and in some cases you may need approval from your lender. Planning permission and building regulations may also be applicable.

Can I buy more of my home?

Buying more shares in your home is called staircasing. Your lease will confirm when you are able to do this. In most cases you will be allowed to purchase up to 100% and acquire the freehold of the property.

You will be responsible for our administration fee, which is a small charge made for assisting you with your purchase.

On our rural schemes you may be limited to owning a maximum of 80% due to planning restrictions put in place by the local authority at the time your home was built.

Your solicitor and sales consultant will make you aware of these restrictions at the time you buy your new home.

Want to apply?

If you'd like to register or apply for shared ownership please contact SHAL. We'll:

- Help you understand the schemes
- Assess whether you are eligible to take part
- Do an initial assessment of affordability – to make sure you can comfortably cover any payments associated with your home purchase
- Guide you through the home buying process

Want to know more?

You can contact us for more information.

Call: 01278 444344

Email: sharedownership@shal.org

Online: www.shal.org

