

LONDON Home Show

Is Shared Ownership right for you?
Ask us anything!



**SOUTHERN
HOUSING**
new homes

Shared Ownership
not shared living &
everything else you need to know

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What we'll cover

What is Shared Ownership?

The costs

Eligibility

The lease

Resales and Staircasing

Myth-busting

What is Shared Ownership?

- It's a government backed home ownership product
- It enables those who would otherwise not be able to afford to purchase a home on the open market, the opportunity to do so in stages.
- It has been around for 50 years.
- Shares usually start from 25%.
- There are now some schemes where the minimum initial stake is from 10%.

So, what does Shared Ownership look like



Breakdown of costs

If you were to buy a 25% share of
a home with a full market value of
£400,000.....

FULL MARKET VALUE

£400,000

Share value

£100,000

Deposit (5%)*

£5,000

Monthly Mortgage**

£510

Rent on remaining
share***

£688

All these costs will vary depending
on your individual circumstances,
what you're purchasing and the
mortgage you secure.

**Based on a 5% deposit*

***Based on securing a 95% LTV
mortgage, repaid over 30 years with
a 5% interest rate*

****Based on a 2.75% rent*

Total: *£1,198 per month*

Other costs

There are other costs associated with your purchase and monthly bills.

The costs associated with your purchase are outlined in your Key Information Document issued at point you reserve; so be sure to read it thoroughly.

Legal fees

*Mortgage arrangement
fees*

Moving costs

Service charges

includes estate charge, insurance, sinking fund, maintenance charge and management agent costs. You will pay the full service charge, not a %.

Some homes will offer a ten-year period during which the landlord will support with the cost of maintenance in new build homes up to £500 per year.

Utility bills

Eligibility

There are some qualifying criteria associated with buying through Shared Ownership

You must be:

- at least 18 years old
- unable to buy a suitable home for your needs on the open market

You must have:

- a clean credit history to qualify for a mortgage
- an annual household income under £90,000 to buy in London, or under £80,000 for outside of London
- sufficient savings for a deposit and upfront costs



Affordability

Your personal circumstances are assessed by an independent financial advisor who will advise us of what share you'll buy.

You are required to buy the maximum share affordable and sustainable to you.

Key documents required to undertake a full financial assessment and apply for a mortgage:

- Proof of identity – A certified copy of an official document e.g. Passport or Driving Licence
- Proof of address – A certified copy of proof of residency i.e. driving licence, utility bill, bank statement, council tax bill
- P60
- Payslips
- SA 302 (if self-employed)
- Copies of your Accounts
- Personal bank statements
- Benefit award letter
- Proof of state benefits
- Proof of deposit
- Credit report

Buying a home *through Shared Ownership*

Find a home



*Make an
application*



Receive a sales pack
*Brochure, price list, floor plans,
Key Information Documents*



Checks
*eligibility and
affordability*

Offer

*you will receive a Key
Information Document about
the home which you must check
and sign before you can reserve*



*Financial
assessment*



Reserve!
Usually with a £500
holding fee*



Instruction
*Instruct your Solicitor &
mortgage provider. Use
a Shared Ownership
expert!*

M.O.S.

*Issue a Memorandum
of Sale instructing all
parties of your
purchase*



*Conveyancing
begins*



*Valuation
carried out*



*Mortgage
issued*

*Solicitor enquiries
answered*



*Contract
issued*



*Exchange
contracts*



Complete
*this may be 'on notice' if
your home isn't finished*

The Shared Ownership *Lease*

Mortgage Protection Clause

Required by mortgage lenders to protect their security and to advance loans.

A lender is entitled to acquire and dispose of 100% of the equity, and we must inform them if we intend to take possession or initiate forfeiture proceedings.

Sub-Letting Clause

Shared Ownership leases prohibit sub-letting to protect public funds and ensure Shared Ownership is not used for commercial gain.

Pre-emption Right

Also known as Resales.

This means that if you wish to sell your share in the future, you have to offer it to your landlord first, or to a purchaser nominated by the landlord.

The value of your share is determined by an independent surveyor appointed by the landlord.

Staircasing Clause

The ability to purchase further shares in your home usually up to 100% ownership.

Some homes may be limited to 80% ownership because they are in a rural exception site. You'll be informed of this before you purchase.

Property Specific Clauses

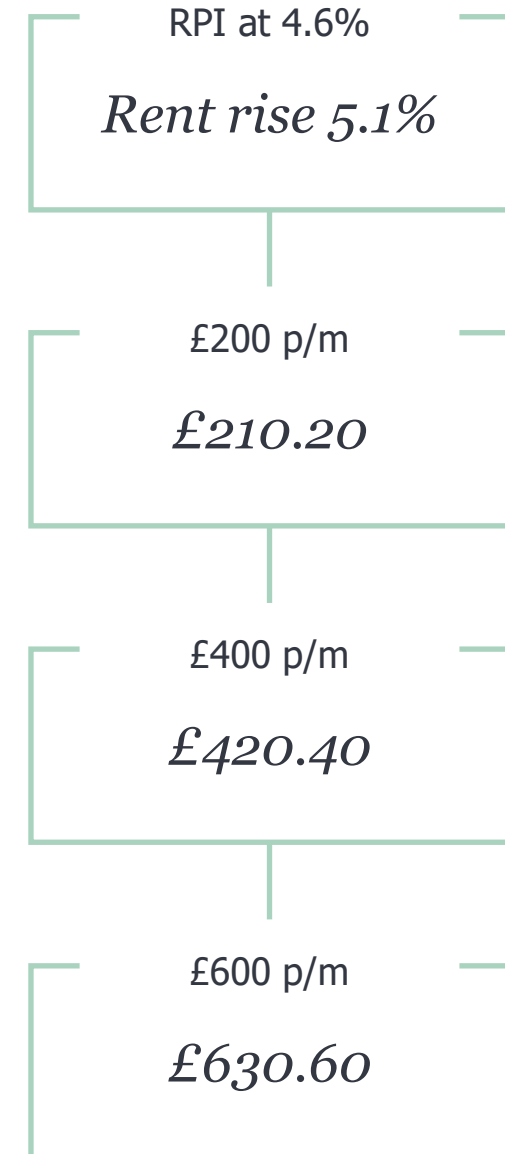
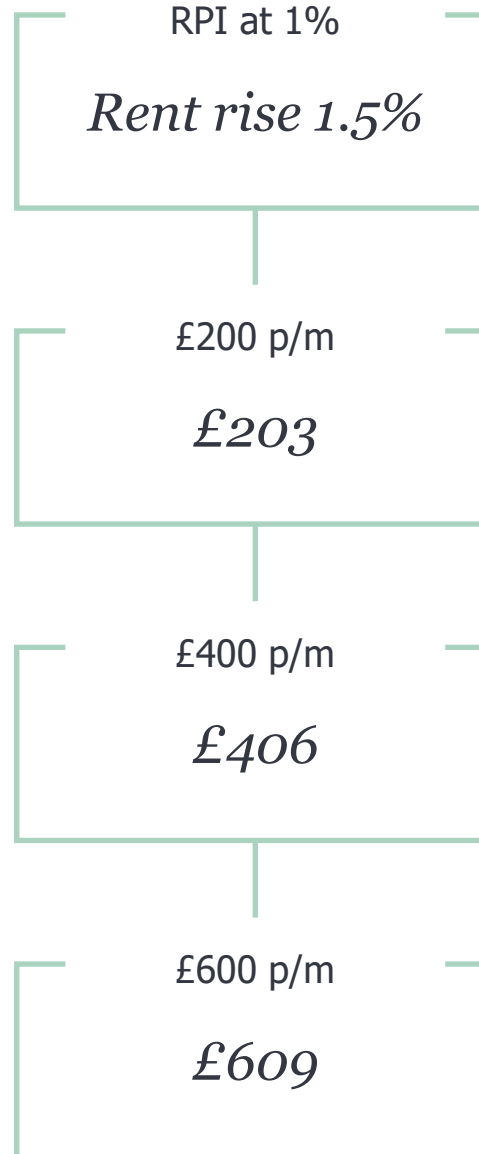
- Your rights
- Pets policy
- Repairs and improvements

Rent and Service Charge reviews

The rent and service charge will increase annually.

Rent increases are capped and based on the Retail Prices Index (RPI) plus 0.5%, or the Consumer Prices Index plus 1%.

Service charges will also increase based on the value of the services provided in your block or estate.



Resales

You can sell your home at any time.

Your lease will stipulate an initial nominations period (often 8 weeks) for your housing provider to find a suitable purchaser for your share.

Request a valuation

*Contact your landlord to request a valuation.
You will be required to pay for a RICS red book valuation.*

Instruct the sale

Agree the value and instruct to market.

Get ready to market

*Your landlord will request some property information and
photography to market your home.*

Viewings

*Find a buyer for your share or a larger
share.*

The sale

*Instruct a Solicitor to process through to
completion.*

Staircasing

You can staircase (buy more shares) at any time.

Depending on your lease:

- You can purchase shares from as little as 5% each time.
- You can purchase an additional 1% each year for a maximum of 15 years.

Request a valuation

Contact your landlord to request a valuation. You will be required to pay for a RICS red book valuation.

Financial assessment

Agree the value and have a financial assessment to confirm the further shares you can purchase.

Instruction

Instruct the landlord that you wish to purchase.

Completion

Legal process through to completion.

Myth *busting*

You'll never own the Freehold

False!

Once staircased to 100% you will:

- be transferred the Freehold if your landlord owned the freehold. If not,
- you will be transferred the Leasehold. Most apartments will be leasehold, and you are only able to purchase part of the freehold once you staircase to 100% and agree to purchase their portion of the Freehold.

You can't do Shared Ownership if you're not a first-time buyer

False!

You cannot own another home here or abroad at the point you complete on your purchase.

This will usually require you have your existing home under offer at the time you are offered a shared ownership home.

You can't decorate your home without permission

False!

You can decorate i.e., painting, wallpaper, tiling and flooring.

It's only structural items and fittings such as kitchens and bathrooms you require permission to change.

Shared Ownership is more expensive than buying outright, as I pay rent and a mortgage

False!

With current interest rates averaging around 4-6%, you might save between 1/4 to 1/3 of the cost of a full mortgage.

**You can only ever sell
through your landlord**

False!

Yes, your landlord does have a nomination period, and Resale homes are very popular.

But if they are unsuccessful finding a buyer, you will be free to put your home on the market with an Estate Agent.

To sell your home in your nomination period you will need a RICS valuation to set the price before marketing.

**Ground rent will double or
treble in the future**

False!

Shared owners do not pay ground rent and the landlord does not charge ground rent once you staircase to 100%.

The only exception is when the landlord doesn't own the Freehold, and there may be a ground rent charged by the freeholder.

Any new leases will not include ground rent provisions.

**I will have to pay 100% of
the stamp duty even though
I'm only buying a %**

False!

Stamp duty on Shared Ownership is not straight forward but there are several options.

These include:

- paying stamp duty on the % purchased and deferring the rest until you staircase above 80%,
- deferring the full stamp duty until you staircase to 80% or above, or
- opting to pay it all at time of purchase.

You can't have a lodger

False!

You can rent out a room, but you cannot sub-let your whole home.

Some providers will take a discretionary view if there are exceptional short-term circumstances.

**Come & meet Quacksley
and our Southern Housing
New Homes Team on
stand 10 in The Britten
Room!**



LONDON Home Show

Thank you for attending!

Enjoy the rest of the London Home Show.

