




What is shared
ownership?




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What is Shared Ownership?

Shared Ownership is a government funded, low cost home ownership (LCHO) programme that aims to help people who can't afford to buy a home at full value.

The scheme lets you buy a home in stages that are both affordable and manageable. You buy a share in your property, usually between 25% to 75%, and pay rent on the share you don't own. You will also have to pay a service charge and ground rent.



Am I eligible?

The eligibility criteria vary per development depending on our agreement with the local authorities.

The general eligibility criteria for Shared Ownership are the following.

- Your total household income is under:
 - › £80,000* for developments outside the London Boroughs, or
 - › £90,000* for developments inside the London Boroughs.
- You must be a first-time buyer or:
 - › Be a newly forming household, e.g., starting again after a relationship breakdown, or
 - › Be moving to a new area for work and unable to buy outright.
- You are a British or EU/EEA citizen or have indefinite leave to remain.
- You cannot afford to buy a home suitable for your family size on the open market.
- You must not own a home in the UK or abroad.

- The shared ownership home must be your principal home and you will not be permitted to sublet part or all of it.
- You must pass the financial assessment and be able to secure a mortgage for the share you are buying.
- You will need to have enough savings or easy access to at least 5–10% of the equity share you're buying plus legal and moving costs.

*Income thresholds are correct at time of going to print. The thresholds are subject to change – for up to date information, please visit www.sharetobuy.co.uk for developments in the London Boroughs and www.helptobuyagent3.org.uk for developments outside the London Boroughs.



Where do I register?

For all Shared Ownership homes, you must register with either a Homebuy Agent (for developments outside London Boroughs) or with PA Housing's Sales & Marketing Team (for any developments in London Boroughs).

The Homebuy Agent acts as a one stop shop and point of contact for assessing eligibility for home ownership schemes. They will provide applicants with information about all home ownership options available in their area. Each Homebuy Agent covers a specific geographical area.

The Homebuy Agent for the areas PA Housing covers is Help to Buy Agent 3 and share to buy. You can register with them in the following ways:

Help to Buy's contact details:

- www.helptobuyagent3.org.uk
- 0800 456 1188

Share to Buy's website:

- www.sharetobuy.com

You may also be required to register with the local authority in the borough where you're buying. The Sales & Marketing Team will advise you on your application.



Viewing and reserving a property

You can start searching for properties and arrange to attend launch days. At the launch day, you will be given information about the development, including plots available, a price list and how to reserve.

We will assess applications in line with our Affordability, Selection and Allocation policies. Please note that some local authorities will prioritise applicants based on their own criteria and we will have to approve applications in line with their prioritisation.

If you have been successful in reserving a plot, we will do the necessary checks to make sure you qualify for Shared Ownership. As part of the checks, you will need to carry out a financial assessment and submit supporting documents to prove your residency and income.

Once you have been approved, we will send you a formal reservation form to offer you the plot. At this point, you will be required to pay a reservation fee and confirm the details of both your solicitor and mortgage provider.



Accepting your offer

Once we issue you the reservation form, you must return it to us within seven working days or we will remarket the property.

We will then issue you with a Memorandum of Sale (MoS) and pass this to all parties involved.

The Memorandum of Sale sets out the details of your purchase including:

- Sellers and buyers details.
- Solicitors and financial advisers information.
- Purchase price.
- Percentage of share being purchased.
- Rent, service charge and ground rent figures.
- Timeline for exchanging contracts.

The solicitor and financial adviser will use the information on the MoS for the legal documents and the mortgage application. Once you receive the MoS make sure you check the details and inform the Sales & Marketing Team if there are errors.



Financial assessment

You will need to carry out a financial assessment with an Independent Financial Adviser (IFA) appointed by PA Housing. The adviser will make sure you can afford the property and qualify for a mortgage.

The IFA uses the Home and Communities Agency affordability calculator to carry out their assessment and will advise you of the share you can purchase based on income, savings and monthly credit commitments you declare.

As a guide, your housing costs (i.e. Mortgage Repayment and Monthly Rental Payment) should not be more than 45% of your Net Disposable Income. This is your monthly income after deductions for tax, national insurance and pensions, not including day to day living expenses.

It is important that you advise the IFA of all outstanding balances on your credit card(s) and monthly loan payments as well as any adverse credit you've had in the last six years so they can accurately advise on your affordability and mortgage options.



Applying for your mortgage

To apply for your mortgage, you can either use an IFA or apply directly through a lender.

The benefit of using an IFA is that they look at a wide range of lenders and can therefore advise you on the most suitable mortgage offer available. They will handle your case from the application process through to receiving an offer.

Once the lenders approve your mortgage application, they will get the property valued. This should take place within a couple of weeks of applying for your mortgage. Once you receive your mortgage offer, you must send a copy to the Sales & Marketing Team for approval.

You must inform the Sales & Marketing Team straight away if you are experiencing problems with your mortgage application.



Solicitors

We recommend you use a solicitor familiar with Shared Ownership conveyancing and the Council of Mortgage Lenders' requirements.

We'll send you a list of approved solicitors with relevant experience and the appointed head solicitor's details. Please note you don't have to use one of these solicitors.

Your solicitors will:

- Check the lease and associated planning documents.
- Advise you on the lease's terms.
- Liaise with your mortgage lender and our solicitor.
- Check your mortgage offer and make sure the details are correct.
- Carry out all the relevant local and environmental searches and report back to you.
- Agree a date for exchange and completion.

Most of your costs will be paid on completion of the purchase through your solicitors. These include legal fees, land registry fees, stamp duty (if applicable) and other disbursements. Search

fees and mortgage valuation fees are payable in advance of your purchase. You should ask your solicitors for a full breakdown of costs before instructing them to act for you.

Please note it is likely that you'll need to pay a proportion of your legal fees and disbursement even if you do not complete the purchase of the property you initially reserve. We recommend that you also discuss this thoroughly with your solicitors.



Exchange of contracts

Your solicitors will send you a copy of the contracts for you to sign and return along with the deposit.

They will be able to exchange contracts as soon as they receive your deposit.

Exchanging contracts is when your solicitor and our solicitor swap the signed contracts. This is the point in the transaction where you are legally bound to buy the property and we are legally bound to sell it to you.



Day of completion

On the day of completion, your mortgage lender will transfer the funds needed to buy your home to your solicitor. Your solicitor will then transfer the mortgage lender's funds, your deposit and rent and service charge payments to our solicitor.

Once our solicitor receives these funds, your purchase will be complete and you'll be the leaseholder of your home.

Once we receive the completion confirmation from our solicitors, the Sales & Marketing Team will arrange to meet you at the property and carry out the following:

- Hand over all the keys for your home.
- Provide the handover pack for your home, which will include:
 - › Homeowner's manual.
 - › Instruction manuals for the heating system and gifted appliances.
 - › Certificate for the gas and electrical equipment installation.
- Take meter readings.



Once you have moved in

Most new homes benefit from a 12 month defects period. This is measured from when the property was handed over to PA Housing and not the date of your completion.

During this period, you can report any major defects to PA Housing, who will liaise with the developers to correct the defect. Please note that time frames for resolving defects can vary depending on the type of defect and various other factors like contractors being booked and parts or replacements being ordered and delivered.

With new build homes, there are sometime minor issues such as cracks, sticking doors, etc., while the property settles in and dries out. We will deal with these minor issues at the final defects inspection that will take place at the end of the 12 month defects period.



Ongoing monthly costs

As a Shared Ownership home owner, you will pay your monthly mortgage, rent and service charge by direct debit to the mortgage lender and to PA Housing accordingly. Ground rent is normally collected separately.

Your mortgage payment will depend on the amount you borrow and will go up or down when interest rates change.

Rents are reassessed annually depending on the terms of your lease. The amount of rent you pay depends on the percentage share you own of your home.

The service charge covers different services (listed in your lease) at different properties. Each year, we will send you the breakdown of how your service charge has been spent. We will also include an estimate of next year's service charge.

The charge covers the cost of cleaning common areas, ground maintenance, repairs to the common parts of the building, management expenses and building insurance.

We also budget for longer term considerations like interior or exterior redecoration to common parts and major replacements.

In addition to the above, you will also be responsible for the council tax, utility charges and internal repairs to your home.



What are my responsibilities as a leaseholder?

Your rights and responsibilities under the Shared Ownership scheme are set out in the lease agreement between you and PA Housing. It is important that your solicitor gives you a copy of the lease and explains its terms to you fully.

Your main responsibilities are:

- Paying your mortgage each month.
- Paying your rent and service charge on time each month.
- Maintaining and decorating your home.
- Obtaining approval from PA Housing in advance of any home improvements such as gas boiler or kitchen replacements.
- Insuring the contents of your home.
- Paying all household and service bills including council tax.
- Observing the covenants within your lease such as noise nuisance.



What are the landlord's responsibilities?

PA Housing's main responsibilities are:

- Managing the estate (if applicable).
- Repairing and maintaining the structure and common parts if the property is a flat.
- Maintaining the communal areas.
- Insuring the building.
- Setting and collecting the rent for the share PA Housing owns.
- Setting and collecting the service charge.



Can I increase my share in the property?

You can buy further shares in your property (this is called staircasing). Further shares are usually purchased in tranches of a minimum of 10%.

If you decide to buy a further share in your property, PA Housing will arrange for your home to be valued by an independent surveyor who is registered with the Royal Institute of Chartered Surveyors (RICS). You will have to pay for the valuation and cover any administration charges and VAT. The value of the property is fixed by the independent surveyor to make sure it's a fair price.

The 'Purchasing Additional Shares in Your Home guide' is available to download on our website sales.pahousing.co.uk or phone the Sales & Marketing Team on 01932 559 809 or 0203 3940 078.



What do I do if I want to move?

If you wish to sell your home, you must inform PA Housing. We will then arrange for your home to be valued by an independent surveyor who is registered with the Royal Institute of Chartered Surveyors (RICS). You will have to pay for the valuation and cover any administration charges and VAT. The value of the property is fixed by the independent surveyor to make sure it's a fair price.

Your lease gives PA Housing the right to find you a buyer within a defined time frame. This means that we will initially market your home to people who are eligible for Shared Ownership. You will have to pay a 1% fee on your share's sale price when we nominate a buyer.

The 'Selling your Shared Ownership Home' guide is available to download on our website sales.pahousing.co.uk or contact the Sales & Marketing Team at resales@pahousing.co.uk, 01932 559 809 or 0203 3940 078.

While we've made every effort to ensure the information in this leaflet is correct, changes are possible so you may need to refer to your lease. You can get up to date information from the Home Ownership Team. If there are any inaccuracies in this leaflet, we regret that we cannot take responsibility and the terms of your lease will take priority.



