Shared Ownership guide

www.tworivershousing.org.uk

You're Home Now.

Buying a home with Shared Ownership

Shared Ownership is an affordable way to buy your own home. With Shared Ownership you can part-rent and part-buy a home. If you have a regular income but can't afford current house prices, Shared Ownership could help start you on the road to full home ownership.

Shared Ownership is usually completed through a 'registered provider' like us. Registered providers are not-for-profit organisations, which offer good quality affordable homes for rent and Shared Ownership.

If you buy a Shared Ownership home with us, you will own a share, and we will own a share.

You will need to pay rent on the part that we still own. Shared Ownership is subsidised by the government, which means we can charge affordable rent on the part of the property we own - making it more affordable for people to get on the property ladder.

How does it work?

If you buy a home on the open market, you would agree a purchase price through an estate agent. Then you would take out a mortgage to cover the total purchase price of the property minus any deposit you have available. With Shared Ownership, the price of the property is fixed at the open market value. This price is set by a qualified valuer.

You would take out a mortgage to cover the share you are buying. This is known as an equity share. The equity share amount will be an amount that you can afford, as set out under government guidelines.

The total monthly cost of the rent, plus your mortgage, will be lower than the monthly cost if you bought the same home outright with a mortgage.

For legal reasons, while you are only buying a part-share of the property, you will have a leasehold interest. However, you can buy more shares later on. This is called 'staircasing'. Over time, you can increase the share that you own and may even be able to own the home outright.

Some properties in rural areas have restrictions on the amount of shares that can be bought. This means that you will not be able to buy the house outright. The registered provider will let you know if this applies to the home you are buying. If you have this type of home the property will always remain leasehold.

Is it right for me?

Here are some things to think about if you are thinking about buying a Shared Ownership home:

- To be eligible for a Shared Ownership home, you must be unable to afford to buy 100% of a home on the open market.
- In some areas you may need a local connection. That means that you must currently live or work in the area, have relatives in the area or have grown up there.
- We will need to check that you are eligible for a mortgage and confirm how much you can borrow before we can accept your offer. (Your mortgage broker will help you with this).
- Your household must earn less than £80,000 per year.
- You must live in the property as your main and only home.

The pros

- You could buy sooner because of the smaller deposit and mortgage.
- It's more affordable if you're on a lower income.
- You can increase your share in the property as and when you can afford it.
- It's available on new-build homes and existing homes.

The cons

- Shared Ownership homes are leasehold, rather than freehold, so you will not own the land the property is on.
- You have to pay any service charge that comes with the home no matter how small your stake is.
- When you come to sell your home, you may have to do it through the Shared Ownership scheme rather than on the open market.
- Buying more of the home over time comes at a cost.

What will it cost?

When you work out how much you want to spend on your home, you should look at the regular costs below and work out if you will be able to afford your monthly payments. You'll also need enough money saved to cover the one-off costs during the buying process.

- **Mortgage payments** – Your mortgage lender will let you know how much this is going to be. It is important you can afford the repayments.
- **Rent payments** – You must pay rent by Direct Debit each month. The rent is subsidised and reviewed annually in line with inflation.
- **Service charge** – This charge will apply if there are shared areas that we own, like hallways in a block of flats or shared green space outside your home. Everyone living in the area with access to these spaces must equally share the cost of looking after these areas.
- **Buildings insurance** – We will arrange buildings insurance for your home and this will be included in any service charge payment. This covers the cost of rebuilding your home is there is a disaster like a fire. However, it does not cover damage to your personal belongings.
- **Contents insurance** – You will need to arrange your own contents insurance to cover personal belongings including your furniture, carpets and other items in your home in the event of a disaster or theft.

- **Other regular costs** – You need to budget to cover all other day-to-day living expenses including gas, electricity, water, food, Council Tax, repairs, decoration, maintenance and all other household bills.

One-off costs before moving in

- **Valuation fee** – Your mortgage lender will normally arrange a valuation of the home. You will need to pay for the valuation, so make sure you ask about the cost.
- **Survey** – If you want to, you can have an independent survey completed by a surveyor that you arrange and pay for. Although you should remember that new build homes will already have a 10-year guarantee on the structure.
- **Legal fees** – You will have to pay a solicitor to protect your interest when buying your new home. Your solicitor will also have to make payments on your behalf including legal searches, Stamp Duty and VAT. Ask your solicitor to provide you with a fixed fee for their work before they start.
- **Deposit** – You will be asked to pay a £250 reservation fee to secure your home. This is taken off your final bill of sale. The fee is normally non-refundable, so you won't get it back even if you don't go ahead with buying the home.
- **Stamp Duty for Shared Ownership properties** – You might have to pay Stamp Duty Land Tax (SDLT) when you buy a home through a Shared Ownership scheme. This will depend on your own personal circumstances and the rules in place when you buy your home. More information can be found at: www.gov.uk/stamp-duty-land-tax

Your guide to the buying process

Please read this guide carefully to find out what to expect at each stage of the process when you buy a Shared Ownership home with us.

The money

If you want to buy a home, or if this is the first time you are looking at Shared Ownership, you'll need to get yourself mortgage ready.

Find a mortgage broker – Speak to someone from our panel of mortgage brokers and tell them you are interested in a Shared Ownership property with Two Rivers Housing. They will carry out an assessment to see if you can buy through the scheme. Here are a couple of mortgage brokers you can use:

Brunswick Homeloans

Address: Persh Farm, Persh Lane, Maisemore, Gloucester, GL2 8HH
Telephone: 01452 413300
Website: www.brunswickhomeloans.co.uk
Email: service@brunswickhomeloans.co.uk

TMP – The Mortgage People

Address: 1-2 Grafton Court, Kettering Parkway, Kettering Venture Park, Kettering, Northamptonshire, NN15 6XR
Telephone: 0800 4880 814
Website: tmpmortgages.co.uk
Email: chirpy@tmpmortgages.co.uk

Remember, even if you plan on using cash instead of a mortgage, your application will have to be signed off by an Independent Financial advisor who specialises in Shared Ownership.

Save a deposit – Mortgage companies will expect you to use some of your own money to pay for the home, so you will need to pay a deposit. This is normally at least 5% of the share you plan to buy.

Contact a solicitor – It's a good idea to get written quotes, on a fixed-fee basis, from a solicitor who will be happy to act for you. If you need help finding a solicitor who deals with Shared Ownership properties, we have a panel of recommended providers.

Finding your home

All of our Shared Ownership homes are advertised through **TwoCan Estate Agent (www.twocan.estate)**. Please read the adverts carefully, as some of the homes will have extra rules about who can buy them.

We will check if you are eligible for the home, and we'll need some personal information from you so we can carry out an anti-money laundering check. If everything's ok when we've done our checks we'll show you around the home.

If the home isn't built yet but we have the plans for it, you might also be able to reserve it 'off-plan'. We'll send you some key information documents about the home so you fully understand what you are buying and any future costs you may incur.

If you decide you want to buy the home we'll ask you to pay a non-refundable £250 reservation fee. We'll also need the name and address of your solicitor, and your independent mortgage advisor will have to sign off that you can afford to buy the home. If you need help finding a solicitor or mortgage advisor we can recommend some.

Shared Ownership allocation policy

The demand for our Shared Ownership homes far outstrips the supply, it is therefore imperative that we are clear on how we allocate and offer our Shared Ownership homes to prospective eligible customers.

In line with regulative guidance we have to be open in offering our Shared Ownership homes on a first come first served basis.

Our first come first serve policy at Two Rivers Housing is based upon: Whoever is first to pass their assessment and submit all their documents and meet any local connection criteria.

Affordability and adverse policy

We appreciate that each household is unique and the amount of what is considered affordable varies based on household makeup. The share purchased will be tailored to individual circumstances and this needs to be assessed and signed off by a suitably qualified financial advisor. As a guideline we expect that any mortgage payment should not be more than 30% of your monthly net income, and all housing costs (including rent and service charges) should not be more than 45% of net income. We would expect applicants to have at least £100 surplus available after all normal household monthly expenditure.

From time to time there will be customers who will have experienced circumstances beyond their control and have had a history of bad credit. We will consider these applicants based on their personal circumstances guided by the following:

Missed mortgage/ rent arrears	If this has happened in the last 12 months, it won't usually be accepted. That said, we may consider the situation through an individual assessment with one of our approved Independent Financial Advisors.
Unsecured arrears	An individual assessment needs to be carried out by one of our approved Independent Financial Advisors.

County Court Judgments or registered defaults	None in the last 36 months. Plus, they must be satisfied prior to the mortgage application. They may be acceptable in the following situations: • All CCJs/defaults were registered more than three years ago and satisfied prior to mortgage application. • All CCJs/defaults were satisfied more than 12 months prior to application regardless of date of registration. • The CCJs/defaults in aggregate amount to less than £300, regardless of date of registration, and were satisfied prior to mortgage application.
Individual voluntary arrangement (IVA) and discharged bankrupts	IVA/bankrupts who have been discharged over three years ago and who have no residual debt may be accepted subject to individual assessment with one of our approved Independent Financial Advisors.
Repossessions	Not acceptable.

The legal process

Completing the process of buying a home through Shared Ownership usually takes around three to four months in total. Sometimes it will take longer. Here are the steps the solicitors will follow:

- TwoCan will send out 'memorandum of sale' to everyone involved. Your solicitors will then do the legal work for the purchase.
- Your solicitor will ask you to pay for some of the checks they do before they start. Searches tell you and your solicitor about the home, the area it's in and things that may affect you. This includes rights of way, where the drains are located, and any local flooding.
- We will also have a solicitor working for us. Our solicitors will talk to each other to work out any issues that come up.
- Once your solicitor has done all their checks, they will explain to you the terms of the contract you'll be agreeing to, and they will ask you to sign a contract.
- You will need to give your deposit to your solicitor so they can put the sale through for you. The deposit is normally between 5% and 10% of the purchase price. The solicitors cannot continue with the sale until this money has cleared their account.
- The solicitors will exchange the Shared Ownership Lease and contracts. This legally ties you into the purchase. You will then agree a completion date.
- Your solicitor will send you your completion statement showing how much money you need to pay to complete the purchase. This payment normally includes your first month's rent.
- On completion day, your solicitors will send the money to our solicitors. Once the purchase is complete we will be able to give you the keys. Remember, the completion can be any time in the day and keys cannot be released until the solicitors have confirmed the transaction has gone through.

Our new-build homes

If you buy a new-build Shared Ownership home with us, it will be sold 'as is'. The kitchen and bathroom designs are already chosen, and you do not have a choice over the colour, style or finish. In all Shared Ownership homes, the landlord decides the final finish of the property.

Buying your first home is an expensive time and we want you to enjoy your new home, so we provide some extras to help you on your home ownership journey. We will:

- Lay grass in any garden areas.
- Fit six-foot close board fencing to the back garden (where allowed by planning).
- Lay a small patio area.
- Fit a shower over the bath.
- Provide all floor coverings (these will be chosen by us before the property is sold).
- Provide at least one allocated parking space.
- Fit extractor fans in all bathrooms.
- Fit the kitchen with a hob, oven and extractor hood.
- Install chrome spotlights in the kitchen.
- Put the boiler in a kitchen wall unit.

Additional extras may be provided on different developments.

Reserving off plan

If you are buying 'off plan' (you reserve a property while it's being built) we will let you know when we expect you can move in. There will be a 'handover date' when the developer building the home hands it over to us, but you won't be able to move in on this date.

There are often changes to the handover date and we'll keep you updated. Do not give notice on rented property or arrange for furniture delivery etc. until the completion date is confirmed.

Your responsibilities

As a homeowner, you will have certain rights and responsibilities. These include taking care of all the repairs and making sure your home is well looked after. You should understand that, although we own a share of the home, you will be occupying it and are therefore responsible for all repairs and maintenance..

Our new-build homes are covered by a 10-year new-build warranty against defects in workmanship. The contractor is also responsible for fixing defects that happen because of a mistake made during the build, or faulty materials, for the first 12 months after they handover the home to us.

One of our team will make an appointment to visit your home and check that any issues have been fixed at the end of those 12 months.

If you want to make any improvements or alterations to your property, you must get written approval from us first. (This is not needed for simple improvements like redecoration.)

If you do make improvements or changes, they will not change the percentage share of the home that you own. Any increase in the home's value will be split according to the share you own. You may want to discuss any increase in value before completing any alterations.

Buying or selling shares

Buying more shares in your home is known as 'staircasing'. If your lease allows you to do this, you will need to write to us to let us know that you want to buy more shares.

Then a qualified valuer will need to check the current value of the home. Once we know the value, we can work out how much you will have to pay for your extra shares.

You will have to pay the valuation fee and solicitor's fees when you increase your shares. You will have three months from the date of the valuation to increase your share. We will never tell you that you have to buy more of your home, it is completely up to you.

If you decide to increase your share, we will reduce your rent by the same percentage. For example, if you decide to increase from 50% to 75% ownership, your rent will be decreased from 50% to 25%.

Unless you staircase to full 100% ownership, your rent can never drop lower than £250 per year. This is the minimum amount allowed under the Leasehold Reform Act 1989. You can increase your share by as much as you want, but the minimum increase is 10% at a time.

You can sell your home at any time but, before you do, you must tell us in writing that you want to sell.

If you do decide to sell your home, you must advertise your home with Two Rivers Housing for a minimum of four weeks (depending on your lease) before you can advertise anywhere else. During this time, we will try to find someone who can buy your home.

If you choose to use an estate agent they will charge you a fee. Remember to let the estate agent know that your home needs to be advertised as a Shared Ownership property. Any potential buyer must complete an application form and be approved by Two Rivers Housing before the sale can go ahead. We will charge you a fee to assess the potential buyer.

Our sister company TwoCan is an estate agent that specialises in Shared Ownership homes. Special rates are available for our clients.

Why choose Shared Ownership?

Shared Ownership is an affordable way to buy your own home. It's a government scheme that allows you to part-rent and part-buy a home. If you have a regular income but can't afford current house prices, Shared Ownership could help start you on the road to full home ownership.

- You could buy sooner because of the smaller deposit and mortgage.
- It's more affordable if you're on a lower income.
- You can increase your share in the property as and when you can afford it.
- It's available on new-build homes and existing homes.

Contact us

Telephone: **0800 316 0897**
Website: **www.tworivershousing.org.uk**
Email: **customerservices@2rh.org.uk**

If you would like this leaflet in large print or audio CD, please call us.

TwoRiversHousing

(September 2025)