



**CURCHODS**  
MORTGAGE SERVICES

## Shared Ownership Guide

## This guide is here to shed light on Shared Ownership schemes.

Over time, the government has rolled out various schemes to help individuals own their homes, especially with property prices outpacing many people's incomes. Currently, the two main players are Shared Ownership, which involves a housing association or authority, and the government's scheme.

Primarily tailored for first-time buyers, Shared Ownership offers a pathway to a more affordable home purchase. Instead of buying the entire property, you acquire a percentage of its value, often necessitating some form of borrowing, typically in the form of a mortgage.

A mortgage is a legal agreement by which a financial institution, usually a bank or building society, lends money at interest in exchange for taking the title of the debtor's property whilst there is an outstanding debt.

We have a guide that gives more information for first-time buyers including the house-buying process.

It is important to understand the processes involved in buying a property to ensure that you are looking for a suitable property within the right budget for you and that you can obtain the right mortgage for your circumstances.

Our professional mortgage adviser will be able to guide you through each step of the home-buying process and maximise your chances of achieving the home that you desire by making you a suitable candidate for the vendor, (seller) to agree to sell their property to you. This begins right at the start with our professional mortgage adviser helping you obtain an agreement in principle which confirms that you can obtain the funds required.

**Please ask for our guide that explains the role of the professional mortgage adviser in more detail.**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

## Shared Ownership

This is a scheme involving a housing association or housing authority where you buy a share of between 10% and 75% of your new home. You then pay a subsidised rent on the remaining share to the housing association or housing authority along with a monthly service charge.

### Who is eligible?

This can vary slightly between different housing associations. However, shared ownership is normally only available if you are a first-time buyer. Some housing associations also consider non-first time buyers in certain circumstances. This could be if you are buying your first property alone after a divorce or family breakdown. Other exceptions will depend upon the housing association's individual terms. Many housing associations require buyers to be UK/EU/EEA citizens while others will consider non-UK citizens, subject to visa status.

### Staircasing

This means buying additional shares in a Shared Ownership property. You can do this at any time, normally at a minimum of a further 1% share each time. The housing association instructs an RICS surveyor to conduct the valuation and normally as you are the applicant, you pay the valuation fee. The current market value will dictate the price you pay.

### Stamp Duty Land Tax (SDLT)

When you buy a share in a property, you are liable to pay Stamp Duty Land Tax (SDLT). You can pay it in two ways:

**A one-off payment.** This is based on the total market value of the property at the time of the original purchase. This is known as making a 'market value election'.

**In stages.** You may make your first payment on the price you pay for the lease, but only if it is above the SDLT threshold. Once you increase your share of the property to 80%, you then must pay on both the transaction that took you over that percentage, and any further transactions.

If you are purchasing a Shared Ownership property, ask your solicitor for advice on which SDLT payment option is best for you.

Our professional mortgage adviser can explain more regarding shared ownership including and which lenders will consider a shared ownership application and the minimum deposit required.

## Useful information

### What exactly is a new build?

Well, a new build typically refers to a property that hasn't been constructed yet or one that's completed but has never been sold or occupied—this includes those stylish show homes.

### Mortgage lenders often categorise new builds as:

- Any conversion, like turning a townhouse into flats.
- A property that has undergone significant renovation or extension.
- Homes constructed in the last couple of years.

Our professional mortgage adviser can help you decide if a new build is the right choice. One benefit is that you can often tailor the specifications to your own taste, and you can move in immediately, no need for any improvements and no previous owners to worry about.

New builds are a popular choice, particularly for first-time buyers. Many housing associations offer you the option of shared ownership.

There are some extra points to consider though.

**Please ask for our New Build guide to give you more information.**



You will see from all this information that the home-buying and mortgage process can be complicated, and it is important to not only understand the commitment that you are undertaking but to ensure that you have the right mortgage borrowing, term, repayment method, product, and lender to suit your circumstances.

Our professional mortgage adviser will guide you through this process.



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