

# get move-in

Our Ref: SOapp/czh

Dear Sir/Madam

## Shared Ownership

Thank you for your recent enquiry concerning Shared Ownership accommodation with the Association. As requested, please find enclosed an information pack, along with our application form to complete and return should you wish to register with us.

Shared Ownership is a scheme designed to assist local first time buyers whose income is insufficient to meet full mortgage requirements. It is an arrangement that allows a purchaser to buy a share in a property whilst renting the remainder, thus keeping initial outgoings to an affordable level. The purchaser will in addition pay to the Association a monthly rent and service charge on the remaining unsold equity.

Should the purchaser wish to buy a further percentage, then they can "staircase" until the property is owned outright, or alternatively, sell the percentage already owned when they choose to leave.

The Association currently have main developments in Bournemouth, Christchurch, Poole, Southampton, Bristol, Bath, Salisbury and Isle of Wight.

Should you require any further information, please do not hesitate to contact our Home Ownership sales team who will be happy to assist you.

Yours sincerely

## Home Ownership Team

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**Western Challenge**

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Part of Spectrum Housing Group



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shared ownership  
information pack

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[www.getmove-in.com](http://www.getmove-in.com)

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# Shared Ownership: An Affordable Option

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**Shared ownership helps people who cannot afford to buy a home of their own. This handout provides information about shared ownership. It explains how the scheme works, what is involved and what to do if you would like to buy a home through shared ownership.**

## What is Shared Ownership?

Shared ownership is an alternative to renting and full ownership. It is particularly suitable for people with a regular income who want to buy their own home but cannot afford to do so.

With shared ownership you buy a share of your home and Western Challenge own the remaining share of the property. You pay rent to Western Challenge on the share you do not buy, but this does not mean that you share your home with someone else.

The total monthly costs of the rent and mortgage are lower than the cost of a mortgage needed to buy 100% of the same home. This is because shared ownership is supported by government money and other subsidies which reduces the rent.

## What are the different types of Shared Ownership?

The Association operates two types of shared ownership.

### Shared Ownership

Western Challenge build new homes or refurbish existing properties for shared ownership. They may also have resale properties available where the previous shared owner has decided to sell and move.

### Shared Ownership for the Elderly

Shared ownership for the elderly is very similar to shared ownership, but is only available to people who are aged 55 years or older. Shared ownership for the elderly is usually built in schemes made up of flats or bungalows with a resident warden and some common facilities.

## Who can become a Shared Owner?

All types of shared ownership are for people who are unable to afford the full costs of outright ownership.

These categories of people will be given priority for shared ownership. Others can also become shared owners - people looking for their first home, someone leaving their owner occupied home following a relationship break up or an owner occupier moving for work reasons to somewhere with higher house prices might be able to become a shared owner.

Only those aged 55 years or older are eligible for shared ownership for the elderly.

### So who is unable to become a shared owner?

People who do not qualify are those who can afford to buy a home which meets their needs. Those who would not be able to afford the cost of the rent and mortgage would not qualify either.

## How Does Shared Ownership Work?

You can buy 50% of the value of the property (with some of our properties we offer lower share values).

Shared owners pay a monthly rent to Western Challenge on the share which they have not bought.

For the share you buy, you will normally need a mortgage though you can pay cash for your share if you have it, for example if you have money from an inheritance.

Mortgages are available from building societies and banks. You will need to visit one (or more) to find out how much they will lend you.

You may be able to get a 100% mortgage. If not, you will need to find a small deposit (usually 5% of the value of the share you are buying).

## How much does Shared Ownership cost?

Shared ownership is cheaper than buying 100%. The exact amount paid out each month will depend on a number of things such as the price of the property, the size of the share you buy, the rent and mortgage costs. The larger the share size you buy, the higher the monthly costs of the combined mortgage and rent payments.

Western Challenge will tell you what your rent will be and your mortgage lender will let you know the monthly cost of your mortgage.

## What costs are involved in becoming a Shared Owner?

As with buying a house on your own, becoming a shared owner involves certain costs. Some costs you will only have to pay once. Others you will have to pay regularly, usually monthly.

### Costs when you buy:

- Legal fees (for your solicitor or conveyancer)
- Valuation fees (for a survey or your home required by banks and building societies)
- Stamp duty on properties costing £60,000 or more (a government tax of 1%)
- Any mortgage arrangement charges (check with your lender i.e the bank or building society)
- Indemnity premium (depending on your mortgage check with your lender i.e the bank or building society)
- Any deposit made (which will reduce your monthly costs)

### Moving costs:

These might include:

- Moving expenses
- Possibly some fittings or furniture

Don't forget once you have moved in there are everyday living costs:

- Rent
- Mortgage payments
- Any mortgage protection policy (to insure against unemployment)
- Any service charge made by the Independent Social Landlord
- Contents insurance (for your belongings, furniture, carpets etc.)
- Council tax
- All gas, electricity, water and telephone charges
- Other normal household bills (e.g. TV licence)
- All repairs, decoration and maintenance costs as a shared owner you are responsible for these.

## Can I buy a bigger share of my home?

You can increase your share of the property you own. This is known as Staircasing. With staircasing you could become the outright owner of your home.

Each time you must buy at least 10% more of your share in 10% blocks. The share you purchase will cost a percentage of the market value of the property at that time.

Each time you increase your share, your rental payments will be reduced. However, if you pay for your additional share with an increased mortgage, your monthly mortgage repayments will go up. Usually, the purchase of extra shares means that the total of your rent and mortgage payments goes up.

However, you do not have to increase your share it is entirely up to you. Shared ownership is flexible and allows you to choose if and when you want to increase your level of ownership. In exceptional circumstances, you can sell shares back to the Association and possibly rent the whole of the property. This would normally only be done if through unfortunately circumstances that you had little control over, you were in arrears with your mortgagee and they were threatening to repossess you.

With Shared Ownership for the Elderly you cannot buy more than 70% of your home.

## What happens when I want to move?

It is no different from moving when you own your home outright. The first step is to inform Western Challenge of your decision. You must also tell the bank or building society which has given you your mortgage.

Western Challenge usually has the option to nominate a buyer. They keep a waiting list of people wanting to become shared owners and can nominate someone to buy your home.

If Western Challenge does not nominate a purchaser within a reasonable time, you may then sell your property on the open market probably through an estate agent.

When you decide you want to move Western Challenge will explain how this operates in more detail. In practice, shared owners find selling their home no more complicated than it would be if they owned it outright.

## Who benefits from any increase in value when I sell?

You, as the shared owner, benefit from any increase in value of the property on the share you own. If the value of your home had increased by £5,000 and you owned 50%, your share of the increase would be £2,500.

But house prices can fall as well as rise. If this happens, you will have to bear a share of the loss.

# Other Questions about Shared Ownership

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## Can I alter or improve my home?

Yes, but you must get written consent from Western Challenge before you make any alteration or addition to your home. You may also need to get permission from your mortgage lender. You will pay all the costs of any alteration or addition.

## Am I responsible for repairs, decoration and maintenance?

Yes, as the shared owner, you are usually responsible for repairs, decoration and maintenance of your home and for any costs. However, if you live in a flat Western Challenge will look after the maintenance of your property and will charge you a service charge to cover the cost. You should check arrangements with Western Challenge.

## Is the shared owner responsible for building insurance?

Usually not. This is covered by your service charge. If you go on to become the outright owner, responsibility for building insurance passes to you. House contents insurance is always the shared owner's responsibility.

## Can I sub-let my home?

Most shared ownership leases do not allow for sub-letting.

## What happens next?

If you wish to register for shared ownership:

- 1 Complete the enclosed application form and return it to us.
- 2 We will carry out a financial assessment to see if you qualify for shared ownership. We will contact you to let you know the outcome of your application.
- 3 Once on our register we will mail you details of properties as they become available.