Shared Ownership
Implications and considerations

Here are some things we'd like you to think about before going ahead.

Implications

- Shared Ownership is a scheme that lets you buy a share of between 25% and 75% of your home's value, and pay rent for the rest. A housing association (HA) usually offers the scheme.
- This means you make separate monthly payments to:
  - a lender for the mortgage you take to buy the share of the home you own.
  - your HA for the rent on the share you don't own, plus all service charges and ground rent under the lease.
- The amount you can borrow for your mortgage is based on the value of the share you own or will own. It's not based on your home's value.

Example based on buying a 40% share

Property value	£200,000
Housing association share (60%)	£120,000
Your share (40%)	£80,000
Your mortgage deposit (10% of your share)	£8,000
Mortgage amount (90% of your share)	£72,000

Considerations

- When buying your home, ask your solicitor to explain the Shared Ownership lease to you.
- If your home falls in value, there's a risk that it could be worth less than the amount outstanding on your mortgage. This is called 'negative equity.'
- You must keep to the terms of your HA lease. For example, you must pay your rent. If you don't, the HA may get a court order to take possession of your home. This may mean you lose your home and any equity you've built up.
- You can buy more shares from the HA, up to 100% of the value of your home. The cost of the share is based on your home's market value at the time. This is known as 'staircasing'. So you can buy a further share, we may let you apply for an additional loan up to 90% of your home's value.
- You can pay off your mortgage at any time. You may have to pay an early repayment charge. You must pay off your whole mortgage before we release our legal charge over your home.
- If you want to sell your home, the HA usually has the right to buy your share back from you first. Speak to them for further help.
- At the end of your mortgage term, if you don't own 100% of your home, you'll still need to pay rent to the HA. You may want to think about this when planning for your retirement.
- If there's anything in this factsheet you're unsure about, or if you have any questions, please speak to us.
- We know that talking about your finances can be difficult, that's why we're here to help. If you need support with day-to-day budgeting or you're worried about money, we will be flexible in helping you get back on track. Search 'If finances are a struggle' online if you need our support, now or in the future.

Put simply

- Shared Ownership is a scheme that lets you buy a share of your home with a mortgage, and pay rent for the rest. A housing association (HA) usually offers the scheme.
- You must ask your solicitor to explain the details of the Shared Ownership lease to you.
- If your home falls in value, there's a risk it could be worth less than the amount left to pay on your mortgage. This is called 'negative equity'.
- If you don't keep to the terms of your HA lease, you may lose your home.
- You can buy more shares from the HA up to 100% of your home's value. This is known as 'staircasing'.
- If you want to sell the share in your home, speak to the HA for more help.
- At the end of your mortgage term, if you don't own 100% of your home, you'll still need to pay rent to the HA.

MORT 0870 MAR 24 IPG CD

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