

# hello home



Shared Ownership: Buying Guide

savills

# why Shared Ownership?

Because it means you can be a homeowner sooner rather than later

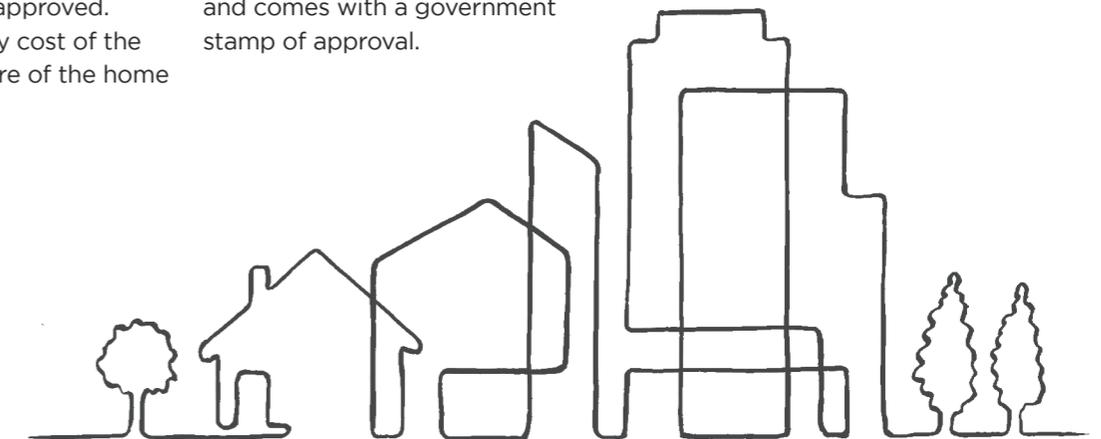
## what is Shared Ownership?

Shared Ownership is a way for first-time buyers to get on the property ladder. It allows you to buy a part share in a home and pay a subsidised rent on the remaining share. You begin by buying a minimum 25% to a maximum 75% share of your home. Your mortgage is just on the share you own, so it is much smaller.

A smaller mortgage means a smaller deposit - and you don't need as high an income to be approved. The combined monthly cost of the mortgage on your share of the home

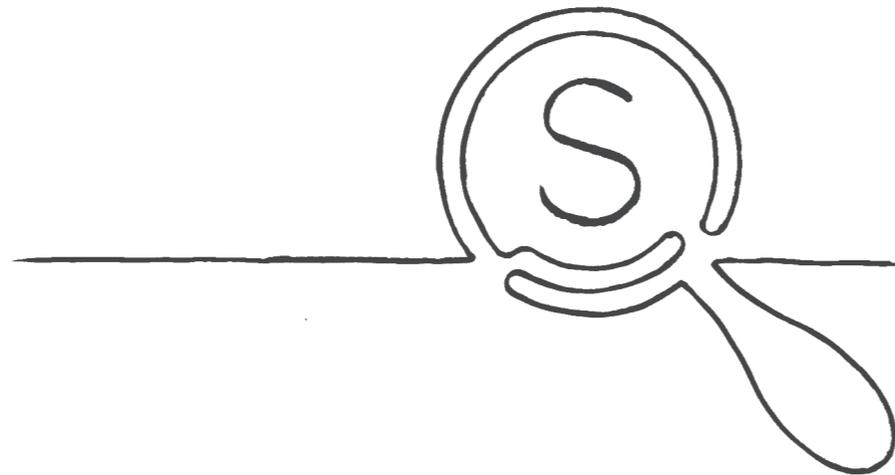
and the monthly subsidised rent on the share that you don't own usually works out cheaper than buying the traditional way. In most cases you can increase your share in the home at any time until you own it outright. You are also free to sell your share at any time and move house.

Shared Ownership has been around for 40 years. It's tried and tested and comes with a government stamp of approval.



# about Savills

Buying with us gives you reassurance



look no further

**Savills has been advising homebuyers for over 150 years, and now has a specialist Shared Ownership team, dedicated to finding your new home.**

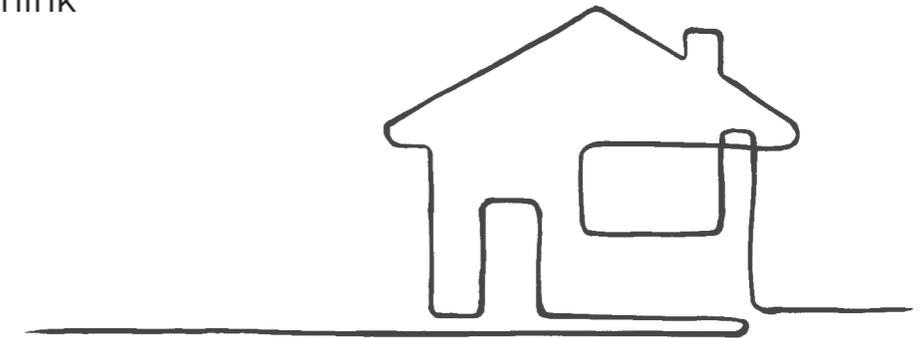
Our exceptional service is well known. That's because we care about looking after our customers' needs. Our Shared Ownership team will make it as easy as possible to buy your new home, putting you

in touch with the right people, including financial advisers and solicitors who specialise in Shared Ownership.

Because we work with all kinds of housing providers, developers and housing associations - across the whole of London and the UK, you'll find all you're looking for in one place.

# who can benefit?

More people than you think



Shared Ownership can help

#### **If you are:**

- Aged 18 or over
- Earning less than £90,000 in London and £80,000 in the rest of the country. This may vary depending on where you are buying
- A first-time buyer, or newly formed household, and not on the deeds of any other property
- Buying a home to live in yourself, not to rent out
- Able to get a repayment mortgage with an approved lender

#### **You will also need:**

- Enough savings for the deposit
- Extra money for other costs - we suggest that you budget for up to £4,000. Find out more about the costs on page 9

#### **Handy hint**

In some boroughs you may get priority if you are a local authority or housing association tenant, live or work in the borough or serve in the military.



#### **DID YOU KNOW?**

Some people who have owned a home before can also buy with Shared Ownership.

# it's simple

Four easy steps to owning a home



## buying a Shared Ownership home with Savills is straightforward

### There are four simple steps.

What makes it even easier is that we are here to help from start to finish – even after you move on.

### What's on offer?

To see Shared Ownership homes all over London and the UK, take a look at our website [savills.com/sharedownership](http://savills.com/sharedownership). Most are new-build homes, which you buy off-plan after seeing a show home. There are also some homes that are being sold when the owners move on.

### There are tight deadlines ahead and it's good to be prepared. Collect your financial documents now, so everything is ready when you need it.

- Proof of savings
- Payslips covering the last three months, or audited accounts for last two years
- Bank statements for the last three months
- Your latest P60

- Agreements and current statements for loans and other borrowing
- Your passport
- Proof of residence for the last three years – bank statements or council tax bills
- We don't advise seeking a mortgage before you have the initial assessment – Shared Ownership affordability criteria are not the same criteria as a lender would use.

# step ①

Reserve your home



### Call us to organise a viewing

Your Savills Sales Consultant will meet you at the development show homes and talk you through plans of the homes you are interested in.

### Check it suits your finances

One of the recommended Independent Financial Advisors (IFAs) will initially assess your finances for free. We have a panel of approved IFAs and work with one firm per development. They will see what's affordable for you under the Shared Ownership guidelines, including the share you can comfortably buy. You will have a more detailed assessment with them later.

### Reserve your home

The reservation fee is £500 and your sales consultant will provide details on completing the reservation form and making payment.

Once you have paid your reservation fee, we will verify your identity in accordance with the UK Anti-Money Laundering Regulations.

### Your reservation fee will be returned if:

- You decide not to go ahead before accepting the offer from Savills
- We are unable to offer you the home of your choice
- Your financial assessment is unsuccessful

### Your reservation fee will not be returned if:

- You do not go ahead after accepting Savills offer
- You provide false or misleading information and Savills withdraws its offer of a home to you

### Offer

We'll look at your form and how you meet the eligibility points on page 3. Then we'll contact you to let you know if you've been successful. If you want to go ahead, we'll send you an offer letter.

**We always aim to offer your first choice home, but if there's a lot of competition, we try to offer one of your other preferences.**

# step ②

Accept our offer

## Get your offer letter

This confirms the details of the home you are buying and explains what to do next. ***To go ahead, you'll need to accept in five working days,*** confirming your solicitor and mortgage broker. We'll suggest who to use in the offer letter.

## Have a full financial assessment

This is with the IFA you met before. Take along all the paperwork you've been collecting and any other documents the IFA has asked for. Your IFA will check your paperwork and confirm the share you are buying.

## Choose a solicitor

You'll need one who understands Shared Ownership. We'll suggest an experienced solicitor in our offer letter, but you can choose. Your solicitor will work with the vendor's solicitors and your mortgage lender to get everything in place within the Shared Ownership deadlines. They'll also do everything solicitors usually do for a home purchase, such as checking the lease, submitting searches and organising exchange of contracts and completion.

## Handy hint

Your IFA can also help you arrange your mortgage because they know Shared Ownership inside out. If you prefer, you can use another broker, or your bank or building society. Just make sure they know you are buying with Shared Ownership, and the share that you are allowed to purchase.



# step ③

Buy your home

## Look out for your MOS

Its full name is a Memorandum of Sale. It's a legal document that is emailed to all parties. It's sent once you have completed the next steps from the offer letter and passed a full financial interview with the IFA.

## Get your mortgage arranged

Work closely with your IFA or mortgage broker to make sure your mortgage lender has everything they need to make you a formal mortgage offer - including references. Your lender will also send a valuer to the home you are buying to confirm the valuation. Avoid hold ups by sending us a copy of your mortgage offer as soon as you get it.



## Only 28 days to exchange

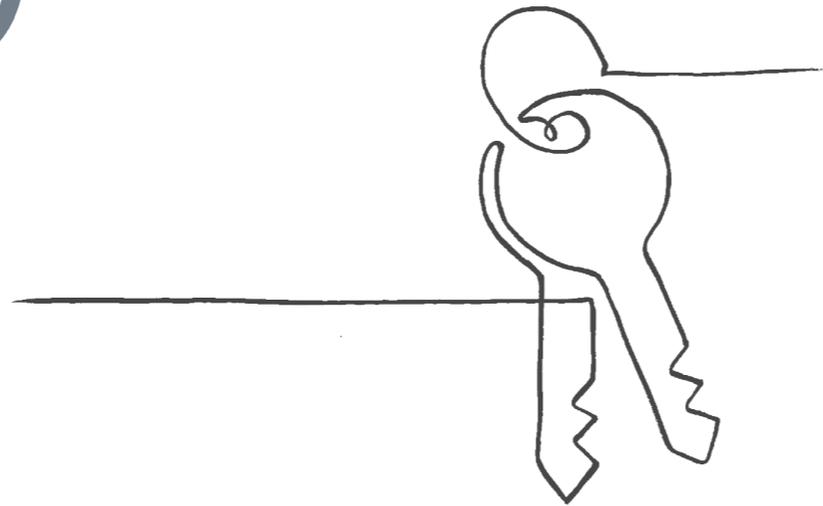
Your MOS starts the clock ticking towards a deadline for exchanging contracts - around four weeks later. If you miss this, your offer could be withdrawn, so keep in touch with your solicitor regularly to check everything is on track. If there are any hold ups, let us know. We are here to help.

## Exchange of contracts

This is when your solicitor and the vendor's solicitor exchange the signed contracts. You pay the deposit on your share. After this, you and the housing provider are legally bound into the sale.

# step 4

Complete



## Get to know your home

Buying a new build? You'll be invited to a home demonstration, where you can find out how everything in your home works and how to look after it. You'll be able to measure up and take pictures too. Home demonstrations usually take about an hour and happen on a weekday between 9am and 4pm. We arrange them as soon as your new home is safe to visit, but it may be after you've exchanged.

## The handover

This happens when your home is ready to live in. We'll give you an estimate of the date but it might happen before or after this. We'll always keep you updated so you know what's happening.

Your handover can be before or after contracts are exchanged.

**If it's before** – exchange starts a deadline of ten working days to completion.

**If it's after** – handover starts a deadline of ten working days to completion.

## Completion day

This is when you become a homeowner. Before that can happen, your solicitor asks your mortgage lender to send the funds less the reservation fee. On completion day, the funds can take between 10 minutes and 10 hours to transfer – there's no standard timeframe, as it's dependent on your bank or building society. Then it's all official. You can move in right away.

Our team will arrange to meet you at your new home and hand you the keys. You'll also get more information about your home, including warranties and about being a homeowner.

# what are the costs?

All you need to know

<b>Your deposit</b> The minimum needed is 5% or 10% of the share value. Your deposit can be higher, depending on much you have available.  Example: If you buy a 25% share of a £300,000 home, a 5% deposit on that share would be £3,750.	<b>Allow £</b> You will be advised at the viewing stage the amount of deposit required.	<b>When?</b> When contracts are exchanged.
<b>Reservation fee</b> This is deducted from the completion money after you exchange.	£500	When you reserve.
<b>Mortgage valuation fee</b> This cost is for the valuation of your property which your mortgage lender will arrange.	£300 – £500	Your adviser will tell you when to pay.
<b>Mortgage adviser fee</b> Many mortgage advisers charge for their service.	£200 – £500	Your adviser will tell you when to pay.
<b>Mortgage arrangement fee</b> These vary. Usually they are higher the longer the interest rate is fixed for.	£300 – £500	Your lender will tell you when to pay.
<b>Solicitor's fees</b> These include Land Registry fees, searches and other expenses.	£1,000 – £1,500	On completion day.
<b>Stamp duty</b> Stamp duty should always be discussed with your solicitor. There's two ways to do it – the full market value or the share value.		
<b>Removal costs</b> Get two or three quotes if you are using professionals to move.	£150 – £500	Usually on moving day.
<b>Advance rent / Service charge</b> Advance rent and service charge may apply depending on the property that you're looking to buy.	The rental amount is hugely variable. It's included in the completion statement if it's charged in advance.	On completion.

# being a homeowner

Great benefits come with responsibilities



**It's wonderful becoming a homeowner, but it's a big step. So you can be ready, it's good to know about the responsibilities that come with owning your home.**

## **Keeping up with regular costs**

You need to pay the costs on this page every month, or when they are due. If you do not pay them, you risk losing your home.

## **Mortgage**

This is what you pay your mortgage lender every month. With a fixed rate mortgage the amount stays the same until the fixed rate ends.

## **Rent**

This is the subsidised amount you pay by direct debit to the housing provider for the share of your home that you don't own. It will go up by a set amount each year, as set out in your lease. You will lose your home if you do not pay your rent as you will have broken the terms of your lease. The rent usually only rises by inflation/RPI – it does not rise with market rent values.

## **Service charges**

These pay for communal costs – such as buildings insurance, cleaning, security and groundkeeping. The costs are divided between homeowners in the development. Service charges go up each year, as set out in your lease. Service charges usually also include a sinking fund, so that homeowners are protected from large communal bills for emergency or scheduled work on the building in the future. Service charges may decrease as well as increase – homeowners are sent an annual breakdown of expenditure and a revised figure for the next year is given.

# being a leaseholder

What it means to you



**When you buy a Shared Ownership home, you don't just become a homeowner – you also become a leaseholder.**

A lease is a legal document that proves ownership of a property. A new-build lease commonly lasts for 125 years, but can be longer (up to 999 years) or shorter (for example if it's a resale).

Your lease will cover things like the property boundaries, buildings insurance, how to buy extra shares and how to sell in the future.

It will also set out things like:

- How often the rent and service charges go up
- How much they will go up by
- What the service charges cover
- What to expect from your landlord
- Your rights and responsibilities
- The fact that you are not allowed to sublet

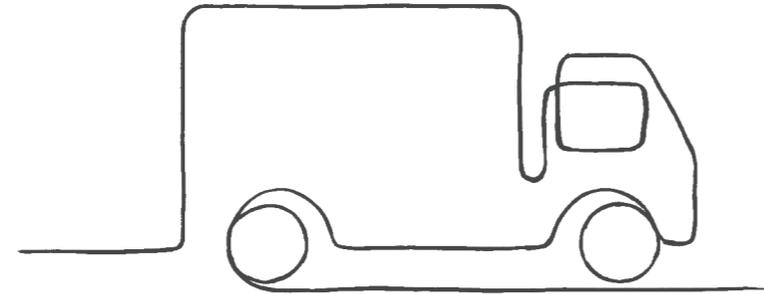
Ask your solicitor to go through your lease in detail with you and make sure you understand it.

## **Fact check**

The land that your home stands on will be owned by the freeholder, or landlord. For Shared Ownership homes, this is the housing provider.

# looking ahead

Making the most of your home



## **Buying more shares**

Whenever the time is right, you can buy more of your home.

It's sometimes called 'staircasing'. You buy extra shares at the market value of your home when you buy them, not at the original price of your home. Your housing provider will be able to tell you more about how buying extra shares works with their properties.

## **Selling your home**

Want to move on? It's easy. You can sell at any time.

Your housing provider will find an eligible buyer for you. This usually takes about eight weeks and your lease will set out the costs.

If your housing provider hasn't found a buyer after eight weeks, you can sell your home through an estate agent, paying the usual fees. The buyer will need to qualify for a Shared Ownership home and be approved by the housing provider.

## **Your asset**

Your share in your home is an asset. If your home has increased in value since you bought it, you will get more for your share than you paid. If the value has decreased, you will get less.

## Savills Shared Ownership

**Get in touch today**

**020 7704 5618**

Monday - Saturday

9am - 6pm

[sharedownership@savills.com](mailto:sharedownership@savills.com)

Savills, 33 Margaret Street, London W1G 0JD

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, is positioned within a white square box in the bottom right corner of the page. The text is dark red or maroon in color.