

A guide to Shared Ownership

How does it work?

Shared Ownership, often called part buy/part rent, offers you the opportunity to buy a share of a property whilst paying an affordable rent on the part you do not own. If you choose to, you may be able to buy larger shares until you own the property outright.

If you want to apply for the scheme, firstly we will need to assess your eligibility. You are usually eligible if you can demonstrate a housing need for the property in question and are unable to afford the outright purchase of a similar home on the open market. Households with an income of more than £60,000 a year are not eligible for the scheme.

What are the initial costs?

Before you decide to become a homeowner, you need to consider all the 'up front' costs of buying your own home. These include:

- **Mortgage arrangement and valuation fees**
You will usually need to apply for a mortgage, for which most mortgage lenders (usually banks and building societies) charge a fee. You will also need to pay for a professional valuation of the home you're interested in. Again, this is something that the mortgage lender will require.
- **Legal fees**
You will need to appoint a solicitor to carry out the legal process involved in buying a home.
- **Deposit**
A deposit is the amount of money a mortgage lender will expect you to put towards your new home from your own resources. This amount will usually be between 5% and 20% of the amount you are paying for the share in the property.
- **Reservation fee**
We will ask you for a £250 reservation fee when you reserve your home (newly built property sales only).
- **Stamp Duty**
Stamp Duty is the tax that the Government levies on most house purchases. Stamp Duty is payable on homes costing more than £125,000. For properties between £125,001 and £250,000 it is calculated at 1% of the purchase price. Your solicitor will advise you and handle the payment on your behalf.

What are the ongoing costs?

Once you have bought a share in your home, you will have the ongoing costs and responsibilities associated with owning a home of your own. These will include:

■ **Mortgage**

You will repay the loan, or mortgage, you use to buy the property on a monthly basis to the mortgage lender. The amount you repay each month depends on the size of your mortgage and the interest rate you pay.

■ **Buildings insurance**

We insure the building and recover the cost of doing so through a separate monthly charge. If you want to insure the contents of your home, such as furniture and personal belongings (which is strongly recommended in most circumstances), you will need to take out your own home contents policy from the date you move in.

■ **Service charges**

In some cases, especially if you buy an apartment, you may have to pay a service charge for such things as cleaning and lighting to common areas or maintaining the grounds of shared gardens. The total cost of all services are divided into individual contributions payable by each homeowner. The terms of your lease or freehold documentation will detail what costs will be included. If you have a flat, the service charge will also include your contribution to the cost of a sinking fund towards future maintenance of the building. For more information about service charges, please read our Homeowner Handbook which can be found at www.knightstone.co.uk.

■ **Utility bills**

You will be responsible for your household bills (sometimes called 'utility bills'). This type of bill usually includes gas, electricity, water and Council Tax. It is important that you do not fall behind with any payments. If you have trouble paying your rent, mortgage or service charges, you should discuss it with us and your lender as soon as possible.

Buying more shares

You can usually buy more shares in your property at any time. Please contact us for more information about this or see our website at www.knightstone.co.uk.

Home improvements

You are free to carry out most home improvements but before you carry out any major alterations, you must get written approval from us and in some cases, also from your mortgage lender. You may also need planning permission and building regulations approvals. The improvements may also alter the value of your share in the property. If you were to buy a further share in the property (often referred to as staircasing), we would disregard any increase in the value. Please note that we cannot do this if you were to sell your share (assigning your lease). Please ask us if you are unsure about what this means.

Selling your home (assigning your lease)

You can sell your home at any time. Initially, we will try to find a buyer for you, but if we have not found one after a certain period of time (typically four to eight weeks, depending on the nomination rights in your lease), you can sell it on the open market. We would continue looking for a buyer but you could instruct an estate agent to help as well. Whoever applies to buy your home will need to satisfy the same eligibility criteria which existed when you bought the property and the buyer must be approved by us first. In most cases, we will charge an 'assignment fee' for the work we do in the selling process.

You would need to contact us for more information if you decided to sell your share.

Our policies on the affordability and eligibility for our Shared Ownership properties give more details about how we assess potential purchasers for this scheme. They can be found at: www.knightstone.co.uk.