



# Shared Ownership Guide

March 2017

## What is Shared Ownership?

Shared ownership allows first time buyers, who cannot afford to purchase a property outright, onto the property ladder. Through the scheme, you **part buy** and **part rent** a home. A (minimum) **25%** of a property's full market value is purchased, through a mortgage and a rent paid on the remaining share that you do not own. Rent is paid to **Arcon Housing Association Ltd** and you may buy further shares and eventually own your own home outright. You are granted a lease which sets out your rights and responsibilities.

## Am I eligible?

To be eligible, you must meet the following criteria. You must:

- have sufficient income to afford a mortgage on at least a **25%** share of your home, plus rent and running costs.
- be able to raise a mortgage, from an approved list of mortgage lenders
- be over the age of 18
- be in full time employment and be able to provide satisfactory references.

## How do I buy a property?

### Step 1

Apply to [Help to Buy North West](#). They have their own criteria and application process. Once you are registered with them you can contact us.

### Step 2

Agree with Arcon the size of share you wish to buy (**minimum 25%**), arrange your own mortgage and then pay a reservation fee of **£250**.

### Step 3

Contact a building society/bank who may wish to see a copy of the lease. Once you have been offered a mortgage, you should inform Arcon of the name & address of your solicitor/licensed conveyancer and a copy of the lease will be sent to them, for approval and they will carry out the necessary searches.

### Step 4

Arcon will then advise you of the amount of rent and service charge you will have to pay, on the remaining share of the property. The purchase will be completed and the property will be available to you.

## Step 5

After the second year, you will be able to purchase more shares or even own the whole property by 'staircasing' up to **100%** and becoming a full owner occupier. You are responsible for paying the valuer's fee and you must complete the purchase within **three months**. The price you would pay, for the extra shares, is based on the full value of the property at the time you want to buy the shares, **not** on the original price you paid.

## What are the initial costs?

Initial costs, that you will need to take into account, include:

- **mortgage repayments** to your bank or building society which will vary according to the interest rate charged
- **rent payable** to Arcon which is calculated on the remainder of the share which you do not own and is due and payable in advance on the first day of the month, by standing order  
*NB: This rent is reviewed, every 12 months, in accordance with terms set out in the lease.*
- **service charge** for the maintenance, redecoration and cleaning of the exterior and common parts (e.g. staircases and corridors)
- **Council Tax.**
- **repairs and internal decoration.**
- **heating & lighting bills, water rates.**
- **contents insurance.**

## What is the monthly cost?

Below is an example demonstrating typical shared ownership costs, over a month:

<b>PURCHASE PRICE:</b>	
Full market value of a typical apartment for sale	£142,950
50% equity purchase based on above figure	£71,475
5% deposit	£3,575
<b>MONTHLY COSTS:</b>	
Monthly repayment on £67,900 mortgage	£423
Monthly rent on £71,475 equity retained by Arcon	£175
Monthly service charge	£60
<b>TOTAL MONTHLY ESTIMATED COST:</b>	<b>£658</b>

## What if I fall behind on my payments?

### Mortgage Payments

If you fall behind with your payments, your lender will be able to take possession of your home and re-sell it to recover their losses. You would be entitled to any proceeds from the sale, as appropriate to your share. after your debt to your lender has been settled.

### Rent Payments

If you fall behind with any rent payments, we will take legal action which may result in your home being repossessed and the lease forfeited.

## What if I decide to move and sell my shares?

You can sell your share at any time and allow a new purchaser to take over your share, on a shared ownership basis, which is known as an 'assignment'. Arcon Housing Association is authorised to nominate a new purchaser for the share of the property being sold, before the property is offered for sale on the open market.

You will be responsible for the appointment and paying of a valuer. Once the valuer's report is received, the value is multiplied by the relevant percentage owned by you to give the purchase price for the share that is available to be purchased. A solicitor will carry this out on your behalf and the cost is met by the shared owner. We will maintain waiting lists for people interested in purchasing shared ownership properties which will ensure affordable housing is available for future applicants.

If we are unable to nominate a new purchaser, the share may be placed on the open market but you must obtain prior written approval from us before this happens.

## Seeking professional advice

This information is for guidance only and you are strongly advised to seek professional legal advice before commencing any purchase.

## For more information

Additional information, regarding shared ownership, can be obtained from the [Homes & Communities Agency Website](#). More information, about your rights and responsibilities under shared ownership, can be found in our [leaseholder and shared owner guidance handbook](#).

For further information please contact **Karen Moore** on **0161 214 4120**.

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