



# shared ownership information

Information about buying a shared ownership home with Irwell Valley Homes at Lowther Park.

## What is shared ownership?

Shared ownership is a government backed home ownership initiative that has successfully helped people to get onto the property ladder for over 40-years. It provides an affordable way of buying a home. You buy a share in a property with savings or a mortgage (between 25% and 75% to begin with) based on what you can afford, and then pay a low rent on the remaining share that we own. The higher the share you buy, the less rent you pay to us.

Over time you can buy more shares either with a mortgage or with savings, this is known as staircasing. You can buy as many shares as you want to/ can afford, until you buy it outright. Once you buy it outright, you then own 100% of the property.

## How does it help people?

The combination of a lower deposit, smaller mortgage and subsidised rent – means shared ownership is typically more affordable on the open market. It is also often less than renting the equivalent property privately.

Unlike renting privately, if you pay your mortgage and rent, you never have to worry about being asked to move out by your landlord. You are in control.

## Do I have to share with someone?

No. Shared ownership is not about sharing your home with someone else. It is your home; you just share the ownership of it with us. So, you're free to decorate it and make it your own. You can also sell your part of it too, if you need to move.

## Who is eligible for shared ownership?

Shared ownership is available to lots of people in different situations, including

- First time buyers
- People who used to own a home but don't currently, or those who are in the process of selling their home - if their home is sold prior to purchase.
- Existing shared owners - if their previous shared ownership home is sold prior to purchase.

You can find out if you qualify to buy a home at Lowther Park through shared ownership by completing the online application form on the government's Help to Buy Agent website - [www.helptobuyagent1.org.uk](http://www.helptobuyagent1.org.uk).

Please select Irwell Valley Homes as the developer and Lowther Park as the development, this will make sure we get the application more quickly.

## Who is not eligible for shared ownership?

People who may not be able to buy through the shared ownership scheme include:

- Households earning over £80,000.
- People who do not need the help of shared ownership to buy an appropriate home.
- People who are unable to sustain shared ownership in the long-term.
- People who are unable to provide the supported information requested.
- People who will continue to own another property or have a legal interest in another property.
- People who would be unable to purchase in the required timescales.

### How are applicants prioritised?

We prioritise applicants according to government guidelines. Essentially, on a first come first served basis. To do this we will consider your completed shared ownership application form and confirmation of eligibility from the government's Help to Buy Agent, plus any supporting information that we have requested.

In keeping with the government guidance, we will prioritise applications from eligible members of the armed forces or those who have left the armed forces in recent years. This only becomes relevant if we have completed applications at the same time and need to prioritise.

### Do I have to buy the share advertised?

No. The share you buy would to be based on what you can afford to sustain. The share advertised is just for guidance.

### What percentage share can I buy?

We expect buyers to purchase the maximum share that they can afford. This can be anything from 25% to 75%. We use government guidance and a Sustainability Calculator to work this out.

To find out what you can afford, Shared ownership mortgage specialists Metro Finance can help. Visit [www.metrofinance.co.uk](http://www.metrofinance.co.uk).

*Please note, Metro Finance will work this out free of charge with no obligations to take a mortgage with them. If you do decide to take out a mortgage via Metro Finance, then any associated fees will be between you and Metro.*

### Can I increase the share I own?

Yes! This is called “staircasing”. You can buy additional shares (a minimum of 10% each time) whenever you are in a position to. The value of the additional share purchased is based on the market value at the time you “staircase”.

### Do I have to buy a more shares?

No. You don't have to buy more shares and can carry on being a shared owner on the same arrangements as when you purchased your home.

### How is the rent calculated?

The larger the share you buy, the lower the rent you pay. We provide examples of rent on the price sheet and we will let you know what this is for the property you're interest in and the share you can afford to buy.

The rent is worked out as 2.75% a year of the share you don't own. For example, if a shared ownership home was worth £200,000 and you purchased 50% for £100,000 then the rent on the share you don't own would be £229 a month.

### Will the rent change?

On the 1st of April each year the rent rises by inflation (RPI) +0.5%.

If you buy more shares over time, then your monthly rent will reduce proportionally. If you go on to buy 100%, you won't pay any rent at all!

## Do I need a solicitor to buy through shared ownership?

Yes, just like any property purchase, you will need a solicitor to act on your behalf. We suggest you get a few quotes as fees can vary. It can be helpful to choose a solicitor with experience of new home purchases and shared ownership. We also advise that you make sure your solicitor gives you thorough advice on the shared ownership lease.

## What about additional costs and fees?

As with any house purchase there are additional fees that you will have to consider.

- You will need to pay a £250 reservation fee when you reserve your home (this is refundable).
- Your mortgage lender will need a cash deposit for at least 5% of the price of the share you are buying. This will vary depending on your mortgage lender.
- You will have solicitor fees to pay.
- There may be mortgage related arrangement fees between you and your mortgage advisor or lender.
- You may want to use a removal company.
- Prior to purchase you will need to pay us the remainder of the month's shared ownership rent and next month's rent at the point of purchase.

## Is the reservation fee refundable?

Yes, we will repay the £250 reservation fee by deducting it from the purchase price of the property.

If you cancel the reservation, or if we cancel it because timescales are exceeded, then we may deduct administrative costs incurred before refunding the remainder.

## How do I get a mortgage?

We can't offer you mortgage advice, but there are lots mortgage lenders including many high street banks and building societies, so shop around to get the best deal. A mortgage advisor will be able to help you find a suitable mortgage and search the market for the best deals for you. Some mortgage advisors specialise in shared ownership mortgages, such as Metro Finance [www.metrofinance.co.uk](http://www.metrofinance.co.uk). You can also undertake your own research, but we recommend you obtain your own independent financial advice.

## What is the difference between a “mortgage decision / agreement in principle” and a “mortgage offer”?

A mortgage agreement (or decision) in principle (sometimes also called a mortgage promise) is something we typically need before accepting a reservation. This gives an indication of what a mortgage lender is prepared to lend to you. This should be based on it being a shared ownership mortgage and helps complete the assessment of what percentage share you can buy to begin with.

A mortgage offer is the full offer from a mortgage lender of lending you money to purchase. This is different to the in-principle agreement as it relates to a specific property you intend to buy and follows the mortgage lender undertaking their own valuation of the property. It is important you don't get a full mortgage offer before the reservation is agreed and solicitors have been instructed for both sides.

Please be aware that mortgage offers have expiry dates and the duration of the mortgage offer can vary. New developments can sometimes take longer to complete than expected, so a mortgage offer can expire before the property is built. It may be possible to extend this in some instances, but that will depend on your lender. So, we will be in touch throughout the build and purchase with expected dates, but we can't take any responsibility or liability for the mortgage offer expiring.

## Can I buy a shared ownership home with cash and no mortgage?

In some circumstances it may be possible to buy a share with cash and no mortgage. You would need to:

- qualify for shared ownership
- be able to demonstrate that you are unable to afford to buy an appropriate home without shared ownership
- buy the maximum share you can afford and
- provide evidence of why you can't take out a mortgage.

In this situation there is no mortgage lender involved, so we would also need to undertake a credit check. We are also required to carry-out anti-money laundering checks on any cash used towards the purchase of a home.

## How do I reserve a home?

Before drawing up the reservation agreement we will need

- A copy of your application form and confirmation from the Help to Buy Agent you are eligible (the Help to Buy Agent will send us both).
- To have agreed the percentage share you are going to buy.
- To have agreed the property you are going to buy,
- A mortgage decision in principle.
- Supporting information verifying what is on your application form including three months of payslips, three months bank statements, photo proof of identity (passport or driving license), evidence of the source of any cash being used towards the purchase.
- If you are receiving financial help from a close family member then we will need a letter signed by them that they are gifting you the money and it is not a loan.

- If you are a homeowner in the process of selling a property, then we will need confirmation from solicitors that the related sale is in progress and will complete in time for you to buy at Lowther Park.
- £250 reservation fee (paid via bank transfer).

### Would the property be leasehold or freehold?

For the shared ownership arrangement to work it requires a shared ownership lease. At Lowther Park the shared ownership lease is 250-years, which is much longer than shared ownership leases are usually.

If you ever decide to increase your ownership and buy more shares up to 100%, then we will transfer the freehold to you, and you will own it outright.

### What is a shared ownership lease?

A shared ownership lease outlines all your responsibilities as a shared owner and all of our responsibilities. As it is a legal agreement, it is important that your solicitor explains it to you before you buy.

### Who are Clay & Co and what is their role?

Clay and Co are specialists in shared ownership sales. They are acting as the sale agents for Lowther Park on behalf of Irwell Valley Homes – helping prospective purchasers with information and support throughout the process.

All information provided to Clay and Co will be treated as private and confidential in accordance with our Privacy Notice. Clay and Co are not solicitors or financial advisors, and you will need to obtain your own independent financial and legal advice.

### Who is responsible for repairs and maintenance?

As a shared owner you will be responsible for the repairs and maintenance of your home, garden, and parking area,

You are also responsible for arranging annual gas servicing, electrical safety checks and the maintenance of any appliances, including those that come with the property such as the oven, hob and extractor.

More details about your responsibilities can be found in the shared ownership lease.

### Who insures the property?

Irwell Valley Homes will arrange Buildings Insurance and you will pay for this via the service charge. It is worth remembering that all homeowners pay for building insurance.

We do not arrange your contents insurance; we advise you to arrange this yourself.

### Are there any warranties

As a new home, the property benefits from a new home warranty. We will also provide warranties for appliances, such as the oven and boiler.

### Are there service charges?

All shared owners need to pay Irwell Valley Homes for Buildings Insurance via a service charge.

Some shared ownership homes at Lowther Park (plots 1-3) have use of a shared access road and related landscaping and so the shared owners of these homes will also pay a contribution towards the upkeep of these areas.

We will confirm the specific service charge amount and what this for in relation to these specific properties.

Service charges are variable and can go up or down each year depending on what the costs of providing the services are. We have a duty to keep these fair and reasonable.

### What do I do if I want to move?

You can look to sell your shared ownership home at any time. The value of your share is based on the market value at that point in time.

If you want to move, you need to contact us. We'll talk you through the next steps. If we know of someone suitable who may be interested, then we will put them forward as prospective buyers.

If we don't nominate a buyer, then you can market the property via an estate agent. The value of your share will need to be based on a market valuation at the time.

Purchasers will need to meet the criteria for shared ownership when they buy.

### Can I have pets?

Yes, you can have domestic pets.

### Can I decorate the property how I want?

Yes, it is your home, so you are free to decorate it and make it your own!

### Can I extend or make major alterations?

The shared ownership lease explains what work you can carry out, and what you will need our consent for. If you want to make any major renovations, you will need to talk to us first.

### Additional fees for shared owners

If we need to provide additional assistance to shared owners, we may charge a fee to cover our costs. A full list of our administrative fees for shared owners and leaseholders can be found here: <https://www.irwellvalley.co.uk/customers-residents/leaseholders-and-homeowners/charges-and-insurance/>

