

## How can I become a full owner?

You may move from your initial share to full ownership in a number of stages, buying further shares or “tranches” as and when you can afford them. Each share is 25% or a multiple thereof. Alternatively, if you can afford it, you can move up to full, i.e. 100% ownership, by buying the entire share held by the Association in one go. You can only buy 100% of the house after one year’s occupancy.

## What happens when I want to move?

This is spelt out in your Occupancy Agreement. However, if you have bought your home outright before you want to move, you will be able to sell it on the open market in the usual way.

If you still own a share in your home when you want to move, then you will have to give the Association first opportunity to buy your share(s) back from you. Any purchase back from you by the Association would be at current market value. The market value is assessed by the District Valuer, or a private valuer, independent of both parties.

Should the Association decline to buy your share(s) back from you, then the property would be sold on the open market. In this case, the proceeds would be split between yourself and the Association according to the ownership ratio. Thus, if you owned a 50% share, the proceeds would be split 50:50.

## What professional advice should I seek before undertaking a shared ownership purchase?

This depends on you, but it is best to seek the advice of a solicitor who will be able to go through the terms and conditions of the documentation and explain what they mean.

Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it. Mortgage availability subject to appraisal of financial standing. All details contained in this leaflet are accurate at the time of publication, but they do not form part of a contract or missive and represent guidance only for people interested in looking at a Shared Ownership purchase. The Association can accept no liability for anything contained herein and would urge applicants to take the advice of their own solicitor before entering into any formal agreement to purchase.

Lochalsh & Skye Housing Association  
Morrison House, Bayfield, Portree, Isle of Skye, IV51 9EW  
Tel: 01478 612035  
Fax: 01478 613377  
e-mail: [info@LSHA.co.uk](mailto:info@LSHA.co.uk)  
website: [www.lsha.co.uk](http://www.lsha.co.uk)



# Shared Ownership Housing

**Lochalsh and Skye Housing Association is a locally based housing association which is committed to providing high quality affordable housing solutions and related services throughout Skye and Lochalsh.**

One of these solutions is Shared Ownership housing, and the Association has a number of Shared Ownership properties which are available to those who wish to become home owners.

Shared Ownership housing is basically a half-way option between renting, or buying in full your own home. The Scheme should be attractive to those who can afford a bit more than the normal rental, but find it difficult to meet the costs of a one hundred percent mortgage.

Details of how the Shared Ownership Scheme operates are explained in



## What is Shared Ownership?

Shared Ownership is a form of house purchase which enables you to purchase a share or “tranche” of the value of a flat or house, and pay a rent for the remainder based on a reasonable rent set by the Association. The initial purchase can be 25%, 50% or 75% of the value of the dwelling; that is the proportion which you own. The balance is owned by Lochalsh and Skye Housing Association.

Shared Ownership allows occupiers both to increase the share they own and to purchase outright, whenever their financial circumstances enable them to do so. This is called “staircasing”.

Under this scheme, you have the right to buy the balance held by the Association after one year’s occupancy, either in stages, or at one go, so you will be able to own your own home outright when you can afford to do so.

[www.LSHA.co.uk](http://www.LSHA.co.uk)

## Who is Shared Ownership for?

Shared Ownership is for those who wish to buy their home, but who cannot afford to pay the full price straight away. If your income is not sufficient to enable you to obtain a large enough mortgage to buy outright, then Shared Ownership may be the answer. It does not matter whether you are young and setting up your first home, or older and wanting a home for your retirement. Priority will be given to first-time buyers, but everyone's circumstances will be looked at individually.

## What does Shared Ownership offer that other arrangements do not?

The main advantage is that the capital sum required to buy a share and the ongoing monthly payments of rent and mortgage are less than if you had bought outright. Unlike rent, the mortgage element is going towards any capital appreciation in your share, so that if you sell, you will benefit from any increase in value. For example, if you own a 50% share, you will be entitled to 50% of the capital appreciation.

## What will Shared Ownership cost me?

This will depend on how large a share you can afford to buy at the beginning.

### For example:

You want to buy a two-bedroomed house for which the sale price is £90,000.

You have been told by a Building Society that the most you can expect to borrow on your current income is £45,000.

In other words, you can afford £45,000 towards a house that costs £90,000 – half the full cost. That means that you can buy a 50% share in the house and pay rent on the remaining 50%.

Or it may be that you are eligible for a bigger mortgage and can afford £67,500. This would mean you can afford to buy a 75% share in a house valued at £90,000 and pay rent on only the remaining 25%. The Association is prepared to sell on Shared Ownership terms for as little as 25% of the full purchase price or for a higher amount in multiples of 25%. So the share you buy initially can be closely related to the price you can afford. In deciding the size of your share, you should bear in mind the various costs you will have to meet, both at the time of purchase, and afterwards. These will include legal fees, the cost of repairs and maintenance, and removal costs. In addition, you will have to meet certain other regular payments and rent on the share owned for the time being by the Association.

## Will I be able to get a Mortgage?

Many Banks and Building Societies are prepared to lend to Sharing Owners. Subject to status and income, mortgages are generally available on the same terms as if you are buying outright.

## How much will I have to pay?

There are a number of points to be considered:

**What about the rent level?** The level of your rent will depend on the size of your share. If you buy a 50% share, you will pay 50% of the rent as assessed. Similarly, if you have a 75% share, you will pay 25% of the rent assessed.

**Will my rent remain unchanged?** No, the rent will be reassessed each year, and you will then have to pay the appropriate percentage of the revised amount. In the event of disagreement over the rent review, you have the right of appeal to an independent valuer, whose decision is binding on both parties.

**What about Housing Benefits?** You may be eligible for a rent rebate or rent allowance. Further information on these allowances is available from your local Council Service Point.

**What about Mortgage Payments?** You will have to pay off your mortgage by regular payments to the Building Society or Bank. The actual amount that you will have to pay, of course, depends on the amount you borrow and it may vary from time to time as interest rates change.

**What happens if I fall behind with my Mortgage and Rent Payments?** If you fall behind on the repayments, then after due warning and certain legal proceedings, your home can be repossessed and resold to recover the outstanding debts. In the event of such a sale however, you would be entitled to sales proceeds left after all debts have been repaid in full.

**What about Insurance?** The Association will insure the property for its replacement value, but you will pay the premium. Because of the number of properties which the Association insures, we obtain rates which are very competitive. This insurance does not cover the contents of a house and you should take out your own insurance to cover these items. The Association can offer informal advice on this matter.

**What about Repairs and Maintenance?** You will be wholly responsible for the upkeep of the property.

## What other Costs are there?

**Solicitor:** You will have to pay your own Solicitor to advise you and to complete the legal documentation involved in the mortgage.

**Valuation Fee:** You may have to pay for the Building Society's or Bank's valuation of the property and their legal costs relating to the mortgage.