



# Shared Ownership

Details of how the Association's Shared Ownership Scheme operates are explained below.

## **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 decided 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 Clydebank 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.

## **Why Choose Shared Ownership?**

Many people today would like to own their own home but cannot afford to buy outright, either because they cannot meet the full mortgage requirements or because they cannot get the deposit – or both. Shared ownership is designed to help these people by giving them the chance to secure the home of their choice and take the first steps to becoming the outright owner of it.

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 available on the same terms as if you are buying outright.

**What about the rent level?**

The level of your rent will depend on the size of your share. If you buy a 50%, you will pay 50% of the rent as charged by the Association. 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 increased amount.

**What about Mortgage Payments?**

You will have to pay 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 payments, 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 had been repaid in full.

**What about Insurance?**

We arrange a block insurance policy to cover the building for the full cost of bringing it back to its original condition, not just the market value of the building. It does not provide cover for contents and we strongly advise each sharing owner to arrange their own cover.

**What about Repairs and Maintenance?**

Although sharing owners may only own as little as 25% of the property, they are classed as an owner in the terms of the Deed of Conditions and their signed occupancy agreement, therefore you would be wholly responsible for the cost of the upkeep of your property.

If the Association factors the property then we will carry out **Common Repairs** on your behalf, again this will be laid down in the Deed of Conditions.

**Solicitor—**

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

**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 a multiple of 25% 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 property after one year's occupancy. As a full owner you may be factored by Clydebank Housing Association.

**What happens when I want to move?** You can advertise your share through an Estate Agent or alternatively the Association can market the property for you for a fee of £50.

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

We recommend that you 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. The Association can accept no liability for anything contained herein and would again urge applicants to take the advice of their own solicitor before entering into any formal agreement to purchase.