A GUIDE TO

SHARED OWNERSHIP

Created by
Bluegate Mortgages

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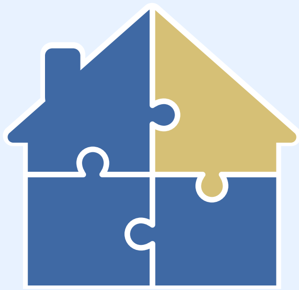
What is shared ownership?



- The shared ownership scheme is designed to help people get on the property ladder by part owning and part renting a property.
- You buy a share of the full house value ranging from 10% to 75%.
- You pay rent on the percentage that you don't own (this is typically at a rate of 2.75%, however this can vary).
- As your deposit is based on the share amount you are buying, this means a smaller deposit is needed.

Who is eligible?

Both of the following **two** conditions must be met:

Your household income is below £80,000 per year, or below £90,000 per year in London

You cannot afford an entire deposit OR borrow the amount you need for a home that meets your needs on the open market

Plus, **one** of the following must also apply:

- You're a first time buyer
- You used to own a home but cannot afford to buy one now
- You're forming a new household (for example, after a relationship breakdown)
- You're an existing shared owner and want to move
- You own a home and want to move but cannot afford a new home that meets your needs

You may need to show a local connection to the area, for example;

You currently reside there

You currently work there

You have family in the area

Affordability

You **must** meet the Homes England Guidance, and if you need a mortgage, you must also meet the lender affordability.

Home England Guidance:

NET income (after deductions of tax, national insurance, pensions and student loan payments)	−	Monthly repayments on any debts (i.e. loans, credit cards, 0% finance, store cards)	−	Rent and service charge	=	NET remaining figure

EXAMPLE

Based on a house of £350,000 buying a 25% share

£2,500	−	£195	−	£642*	=	£1,663

Maximum monthly mortgage payment = £498

Important to note:

- Your monthly mortgage payment cannot be more than 30% of this NET remaining figure
- You will also be required to retain roughly 10% of your income remaining after your outgoings
- Rent payments will also be stress tested in line with RPI or CPI over a 5 year period to ensure ongoing affordability

Other factors that may affect lender affordability:

Credit score

Some lenders will check your credit score, however others do not if you meet their adverse criteria.

Deposit size

Typically 5–10% of your share, however some lenders accept a 0% deposit.

A higher deposit will result in better rates.

Employment

Employed
Lenders can accept work contracts ahead of your start date.

Self employed
Lenders can accept one year's account keeping.

Residency status

If you are from outside the UK/EU there may be further visa requirements.

Age

Mortgage usually offered up to 75 years of age.
The higher age = shorter term mortgage, which can impact the monthly repayments.

*Service charges vary per location and house type

Affordability

We've created a handy budget planner to help you calculate your finances:

Committed expenditure

	£
Rent	
Service charge	
Child maintenance	
Gas / electric	
Water	
Communications	
TV Licence	
Council tax	
Car (fuel, tax, insurance)	
Total	

Discretionary expenditure

	£
Food	
Clothing	
Household maintenance	
Entertainment	
Child care	
Holidays	
Savings	
Insurances	
Total	

Monthly budget planner

	£
Net monthly income	
Debts & monthly payments	
Committed expenditure	
Discretionary expenditure	
Total	

A step-by-step process

1 Affordability assessment

Speak to a broker with knowledge of shared ownership and complete the affordability assessment to determine your budget.

2 Find home & register

Use the tips in this guide to find your dream home. Register your interest with the relevant housing association and book a viewing.

3 Receive your house offer

The housing association will refer you to their partnered broker to complete the affordability assessment. Once complete, this is passed back to the housing association to offer you the house or assign the plot.

You are not required to use the housing association's referred broker, if you choose to use your own this has no impact to the their offer.

4 Find your solicitor

You'll now need to choose a solicitor. The housing association and your broker may have recommendations so you can shop around for quotes. Most importantly, remember to choose a solicitor with good knowledge of shared ownership.

Once chosen you'll need to provide your solicitor's details to the housing association as part of the reservation.

5 Pay reservation fee

The housing association will now allocate your plot (if new build), or offer you the resale (if existing property) and will likely ask for a reservation fee. This is typically between £250 - £500, with payment required within five days in order to secure the house.

The Memorandum of Sale (or sales reservation form) is issued and shared with your broker.

6 Instruct your solicitor

You can now Instruct your solicitor and complete their initial contract pack and ID checks. They may request an initial payment, usually up to £500, with the remainder due on completion.

Your mortgage broker can then assist you to submit your full mortgage application, and advise you of expected timescales.

7 Mortgage application and assessment

The documents are reviewed by the lender and they will instruct a basic house valuation. This usually takes a couple of days, but timescales vary dependent on the lender.

A step-by-step process

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Basic valuation

A basic valuation is instructed for lender purposes. Upgrades to the valuation type and other surveys are available - please speak to your broker for further advice.

Subject to the valuation result, the application is marked as satisfactory.

9

Valuation outcome & offer issued

If the valuation is satisfactory and all required documents have been received and reviewed by the lender, the full mortgage offer will be issued.

If the valuation differs to the house price agreed, see your broker for further guidance.

10

Mortgage report and deed

These will be sent to you by your solicitor along to sign and return.

11

Searches & enquiries

Your solicitor will order searches and raise any enquiries on your behalf. This stage can take time, which your solicitors can provide you updates on.
Once these are complete you will receive a search report and full property report to review.

12

Exchange of contracts

Exchange can now take place - this is when the purchase becomes legally binding so it's important to make sure you're 100% happy before you give permission to your solicitors to proceed.

13

Agree a completion date

If the property is a new build:
Estimated dates will be provided by the builder to the housing association. The house will be handed over from the builder to the housing association (completion will usually take place within the following two weeks of this). You will then be asked to provide dates that you would be happy to complete on.

If the property is a resale:
You will be asked to provide dates that you are happy to complete on, which the solicitors will then agree.

Where to find shared ownership homes

There's several ways to find a shared ownership house, keep an eye on:

Share to Buy | **Rightmove** | **Zoopla**

You can also find housing associations in your area, local estate agencies may advertise homes available, along with Facebook support groups and on the goverment website, **here**.

Get in touch

Remember - buying a shared ownership home can be a complicated process.
But by following these steps and seeking advice from professionals, you can make the process much smoother and as stress-free as possible.

Regardless of what stage of the process you're at, we're here to help

Visit our website | **Book appointment** | **Contact us**

The information in this guide has been sourced from gov.uk - Shared ownership homes: buying, improving and selling (gov.uk). Content valid on date written: 30/03/2025