

What is shared ownership?

Shared Ownership was introduced by the Government to assist people who would otherwise be unable to afford to buy a suitable home outright.

Through the scheme you buy an initial share of the property ranging between 25% and 75% and pay a rent to Bernicia on the remaining share you do not own.

How does it work?

The share you are offered to purchase is calculated by taking your income and other financial circumstances into account.

For most applicants, the purchase will be funded by way of a mortgage, which must be for a maximum of 95% of the share you are purchasing (i.e. you will need a minimum of a 5% deposit).

You will be required to make your own enquiries and applications with mortgage lenders, just as you would do when purchasing any other property on the open market. It is strongly recommended that you obtain independent financial advice and also enquire in advance of any fees payable to mortgage brokers.

When you purchase your home, we will grant you a lease for 125 years which sets out your rights and responsibilities. This will include your responsibility to pay rent on the unpurchased share.

Although you will be a shared owner, the lease will grant you rights in relation to the full property for the duration of the lease term. This means you will have the comfort and security of home ownership, rather than the uncertainty that private renting may bring.

What are the benefits?

For many first time buyers, saving a sufficient deposit to buy a property outright may seem unachievable or some buyers may be limited in the level of mortgage they are able to secure.

Shared Ownership is an ideal solution, as both your required deposit and mortgage are only based on the price of the share you are purchasing.

If your circumstances change in the future, you also have the option to buy further shares (known as staircasing) and in most cases can progress to own the property outright.



What is the Criteria?

To be eligible for shared ownership, you must not own another property already and must have a household income of less than £80,000 per annum. In certain circumstances, existing owner occupiers may be eligible to apply. For example if your current home is unsuitable and the equity you expect to receive from the sale is insufficient to purchase a property which is suitable for your needs.

What are the initial costs of a Shared Ownership home?

- **Reservation fee** – following a successful application and assessment, you may reserve a property by paying a reservation fee of £250 to Bernicia. This will be deducted from the sales price upon completion.
- **Survey** – you may wish to have your own independent survey of the property carried out, which you would be required to pay for.
- **Legal fees** – you are required to pay your own conveyancing fees in connection with the purchase of the property. It is your own choice as to which solicitor you appoint but it is advised that you firstly make enquiries with a range of companies, as fees can vary.
- **Deposit** – this can vary depending on your mortgage offer but at a minimum you will require 5% of the share you are purchasing. Your solicitor will hold this amount until the sale completes, when it will be transferred to Bernicia along with your mortgage funds.

What are the running costs?

- **Mortgage repayments** – repayments will vary depending on lenders and interest charges.
- **Rent** – the monthly rent is calculated by Bernicia based on the proportion of the share you do not own. You must ensure that both your rent and mortgage is up-to-date, otherwise your home could be repossessed.
- **Repairs and insurance charges** – you will have full repairing responsibility of the property, like any other home owner. Bernicia will insure the structure of your home (buildings insurance) but it will be your responsibility to arrange insurance for your household contents. You will repay the cost of the buildings insurance premium to Bernicia, along with your rent.
- **Council tax, heating, lighting and water charges** – you are responsible for all rates, taxes and utility bills relating to the property.

How to Apply

Details of Bernicia's available shared ownership properties can be found on our website www.bernicia.com

If you are interested in a particular property or would like a general discussion about shared ownership, please do not hesitate to contact our Home Ownership Team on:

T: 0191 238 3919

E: sales@bernicia.com

As shared ownership is a publicly funded initiative, all applicants must receive approval from the Government's Home Buy agent. The agent for our area is Help to Buy NEYH (North East, Yorkshire & Humber). The Help to Buy agent will ask you various questions about your household and income, which can be completed online. They can then determine

whether you meet the general eligibility criteria for shared ownership.

Bernicia will then also carry out our own application and assessment process, to calculate the share you may buy and ensure it is affordable and sustainable for you.

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